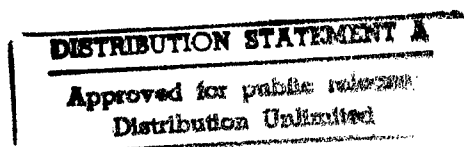


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JPRS Report

East Europe



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Macedonian Party Head Supports Independence

AU3006064691 Sofia SVOBODEN NAROD
in Bulgarian 25 Jun 91 p 4

[Interview with Iliya Ilievski, chairman of Party of Human Rights in Macedonia, by Milen Belchev; place and date not given: "We Are Not Friends but Blood Brothers"]

[Excerpt] [passage omitted]

[Belchev] What are the main principles and ideas contained in your program?

[Ilievski] The party advocates respect for human rights and liberties, a state based on the rule of law, and democracy. How is this to be achieved? Through a market economy and a multiparty system, by disbanding the political police of the communist party, and by bringing to account all persons guilty of political and economic errors, as well as those responsible for the illegal expropriation of citizens' property holdings.

[Belchev] What problems are you encountering now that your party has been registered?

[Ilievski] We are becoming a strong opposition party, and increasing numbers of people are joining us, but we still have immense difficulties caused by a lack of money and access to the mass media, which we have been refused. It is the same with the opposition, in general; the regime's parties have stacks of money and can freely develop their work, but they stop us from doing so.

[Belchev] Your program mentions social democratic principles.

[Ilievski] Yes, we believe that we are closest to social democracy in the principles we defend. For this reason, our statute states that we will strive for closer links to the Socialist International and apply for membership. We extend the hand of friendship and want to cooperate with the social democratic parties, including, of course, the Bulgarian Social Democratic Party.

[Belchev] Whom did you meet in Bulgaria, and what contacts do you rely on?

[Ilievski] This is my first visit to your country. I am meeting campaigners for human rights and freedoms, intellectuals, and journalists.

I had an interesting meeting with Mr. Shivarov, chairman of the Commission for Human Rights in Bulgaria, and with members of the commission. We discussed future cooperation between them and our party; we share the common goal of defending the rights of all people and ensuring social guarantees.

However, the special reason for my visit was to meet the leadership of the Internal Macedonian Revolutionary Organization—Union of Macedonian Societies.

I held talks with the union's chairman, Docent Dimitur Gotsev, talks that I assess as a conversation not between friends but between blood brothers. Our views were identical on the most important problems.

[Belchev] What views does the Party of Human Rights support regarding Macedonia?

[Ilievski] First, we want a referendum to be held without delay on the issue of Macedonia declaring itself to be a completely independent, law-governed state within its present borders, a state that will develop good-neighbor relations with the other countries in the region. Second, we demand that the entire truth be revealed about the crimes of the Stalinist-Titoist totalitarian regime in Yugoslavia and Macedonia from 1945 to the present. We have sufficient proof available that over 20,000 persons were murdered or disappeared, some of them having been buried alive. The locations of most of the graves are unknown. In addition, more than 100,000 persons were repressed.

[Belchev] One last question, Mr. Ilievski: In Macedonia's recent history, which was worse for the people—the totalitarian regime or Serbian nationalism?

[Ilievski] During the last 46 years, the citizens of Macedonia have been suffering under the most extreme slavery ever experienced in its history—servitude under the Stalinist-Titoist totalitarian administration. I consider that Macedonia and the Macedonians were and are repressed more than anyone else in Yugoslavia because nothing is changed even now. You have only to look at the political police of the former Communist Party, which has changed itself only in name, and the programs, which remain the same! What is more, this power lies in the hands of the Serbs. The top military leadership is also Serbian, and the leadership under Milosevic wants to keep the other republics under its dictatorship. Now you can see that our friends in Slovenia and Croatia are repelling these aspirations, and our party supports them in their heroic struggle for freedom. I believe that Macedonia should take the same road.

SDS Conference Appeal to Voters

*AU2806182291 Sofia DEMOKRATSIYA in Bulgarian
24 Jun 91 pp 1, 3*

["Text" of an appeal by the Union of Democratic Forces, SDS, to Bulgarian voters: "Appeal of the SDS to Bulgarian Voters"]

[Text] Brothers and Sisters:

A decisive step lies ahead for us. Bulgaria faces elections that will decide whether our native land becomes a normal democratic state or remains the poor relation in Europe.

Bulgaria needs your vote. Every person who fails to cast his vote supports ambiguity in government, stagnation in the economy, unemployment, and poverty.

For decades the regime of the former Bulgarian Communist Party ruined the country. It robbed people of their property and made them totally dependent on the party-state. It lived on credit, spending more than it produced. It accumulated debts that we have to pay back today. It took away our boldness, our initiative, and our liberty.

One fine day, it became evident that this could no longer continue, and we woke up to find ourselves reduced to wretched poverty.

The Union of Democratic Forces [SDS] program can make Bulgaria a normal state once again. It can set Bulgaria on its feet.

We do not promise prosperity. We warn of the difficulties ahead but are ready to lead Bulgaria out of ruin within a reasonable time. We want enterprising and capable people to profit from their labor. Only thus can society profit through them.

We agreed to participate in government, despite the political disadvantages that this entails, in order to save the people from at least part of the poverty and hunger. However, there is not a lot that one can achieve through provisos, ceaseless disputes, and partial agreements. It is true that the president has restored much of the lost trust of the democratic countries. It is true that parliament has voted for certain laws that, however imperfect they may be, are dismantling the foundations of communist domination. It is true that the government has started a reform, but this reform is already being stifled. The SDS program cannot be implemented without strong political power.

We are ready to govern together with other democratic parties that sincerely want to eliminate the communist structures in order to carry out the nation's wish for a change in the system.

We need a stable parliamentary majority in order to form a strong government. Only thus will we eliminate the parasitic economic structures that hamper the development of the Bulgarian economy.

We will put a stop to the robbing of the country and will restore all illegally confiscated property. We will create a reliable, nonpoliticized police force in order to check corruption and reduce crime. The theft of state and private property must be stopped.

We will restore the inviolability of private property, on the basis of which initiative is stimulated and prosperity created. This will develop production and provide new jobs.

We need incentives for foreign investments, for which not only laws but also political guarantees are required. Bulgaria will become a member of the family of civilized countries in both the political and the economic sense.

It is necessary to simplify the procedure for the restoration of land and for guaranteeing favorable conditions for the landowners, providing them with machines, seed, and so on. This will ensure that Bulgaria is fed.

The development of production will enable the introduction of normal taxes and normal credit, and this, in turn, will enable us, after our initial efforts, to enjoy a better life.

Despite the difficulties, we will devote special concern to the sick, the disabled, pensioners, and the unemployed. It can already be seen that the rumors concerning the confiscation of pensions and allowances are false. Every Bulgarian has parents or relatives in need. We will not abandon them. The unemployed need not only social security but also opportunities for retraining.

We will develop insurance funds in order to guarantee health care and security for everyone. However, we support not state handouts but guaranteed security, with the right to choose medical treatment. In this way, the doctors' labor will be adequately remunerated without our having to dig into our pockets.

It is necessary to free the specialist professions from degrading state tutelage. Only thus will we restore the dignity of the teachers and university lecturers. Education will conform to the standards of civilized countries. Incentives will be provided for the development of culture and the arts.

We need law courts that are independent of parties and bosses and efficiently pass verdicts in accordance with the law. Only thus will we restore the dignity of the legal profession.

We will defend human rights, irrespective of religious faith and ethnic origin. Human liberty is democracy's supreme value. Economic and political liberty is the guarantee for overcoming interethnic tensions. However, anyone who foments enmity or hatred on an ethnic or religious basis will receive his just deserts. No social or ethnic group may hold privileges that violate the human rights of others.

We also support maintaining and strengthening the spiritual connection of all Bulgarians with their native

land. Our brothers who live abroad are entitled to keep their connections with the Bulgarian national spirit.

We will watchfully guard national security. We will maintain an army that conforms to the standards of the civilized countries. We will seek guarantees for our national sovereignty in a collective European system of security.

The victory of democracy in Bulgaria means a place in the sun for everyone, irrespective of his political convictions. It also means that our children, brothers, and sisters will no longer leave our land.

The choice belongs to you.

SDS National Conference Debates Reported

AU2906210691 Sofia SVOBODEN NAROD
in Bulgarian 25 Jun 91 p 1

[Report by Miroslava Belcheva and Georgi Velichkov on the Third National Conference of the Union of Democratic Forces in Sofia on 22 June]

[Text] Following the introductory remarks made by Filip Dimitrov, Aleksandur Yordanov read a proposal submitted by the National Movement parliamentary group of the SDS [Union of Democratic Forces]. The fourth item in this proposal—namely, that “the coordinating councils are assisted by citizens councils that include nonparty people and members of parties and organizations inside and outside the SDS”—instigated many disputes. At the end of the conference, it was still not clear whether the representatives of the citizens committees would have the right to vote in the coordinating councils. Views were also expressed that the citizens committees were duplicate and competitive structures, whose purpose was to displace the coordinating councils in the municipalities.

Many of the speakers spoke about the need for the SDS to have a uniform image. However, disagreements developed as to what exactly this image should be. “We will not work for the Red rubbish,” said Georgi Markov of the Democratic Party. Nikolay Vasilev, leader of the Alternative Socialist Party, was asked what the SDS is. He replied: “It is the SDS National Movement. Everything that is other than this is no longer the SDS, but something quite different, whatever you would like to call it.” In the second part of the conference, suggestions were made that people older than 50 years and former members of the Bulgarian Communist Party and the Bulgarian National Agrarian Union should not be permitted to run as parliamentary candidates. Aleksandur Karakachanov said that, in that case, neither he, Snezhana Botusharova, nor Zhelyu Zhelev could run as candidates, nor could the entire Alternative Socialist Party and a large proportion of the members of the Nikola Petkov Bulgarian National Agrarian Union.

Most of the delegates from throughout the country supported a united SDS, without party quotas, on a common election list.

Dr. Dertliev put forward the idea of a preferential list. “We will attract more voters with our individual party profiles because the Bulgarian Socialist Party will use social demagoguery in its campaign. If some of our friends find it difficult to raise social slogans, then we Social Democrats will be the defenders of the working people.” Dr. Dertliev's entire speech was interrupted and accompanied by catcalls. A few hours later, President Zhelyu Zhelev said almost the same thing: “Let SDS unity be a unity of the variety and diversity within the SDS. We must not be afraid of the variety and diversity of our organizational structures and ideological platforms. If this did not exist, it would be worth our while thinking up and creating this diversity because this is where our chance of victory lies.”

Ivan Kostov was very disturbed by the behavior at the conference. “I regard as extremely offensive the catcalls directed at prominent political leaders. It is wrong to whistle at authoritative people with clear political images. This harms the common cause,” said the minister, adding: “It is very important for the SDS platform to be a platform of moderate people who feel responsibility for their country's fate.”

A further matter of controversy was whether the conference decisions should be binding. In the view of Aleksandur Karakachanov, the moment these decisions become binding, the SDS will become a united blue party. This provoked sharp responses from the body of the hall. A little later, Filip Dimitrov said: “Even if we agree that the decisions are binding, what will we do if no one abides by them?” The question was a rhetorical one, and the problem was dropped from the agenda, just when the discussions were starting to become constructive and the positions of the delegates beginning to draw nearer together. Radoslav Cherkezov, who for many years worked as a correspondent for RABOT-NICHESKO DELO, aroused delight in the audience when he said that Dr. Dertliev and Milan Drenchev should apologize to the Bulgarian people. Passions became inflamed, and an unscheduled recess was called. During the interval, Dr. Petur Beron said that the SDS was full of provocateurs and would not win the elections this way.

The SDS national conference certainly demonstrated something—namely, that not many people had benefited from the lessons in democracy. The concepts of tolerance, parliamentarism, and legality remained incomprehensible and inapplicable to them. Some of the delegates voiced suspicions that the conference, which was more reminiscent of a protest rally, had been orchestrated in advance according to a bad scenario.

SDS Leader Dimitrov Views National Conference

AU3006225791 Sofia OTECHESTVEN VESTNIK
in Bulgarian 25 Jun 91 pp 1, 3

[Interview with Filip Dimitrov, chairman of the Coordinating Council of the Union of Democratic Forces, SDS, by Maya Lyubomirska; place and date not given: "The SDS Wants To Wisely Govern a Normal State"]

[Text] [Lyubomirska] Do you not consider that the representation at the national conference of the Union of Democratic Forces [SDS] did not reflect the mass membership of the individual opposition organizations because the number of members represented by each delegate ranged from 50 to 500?

[Dimitrov] The representation was arranged in accordance with the decision of the SDS National Coordinating Council. First, there was one representative for each party in every municipal organization, who was officially elected at a meeting of the relevant organization. Accordingly, if a party had 20 organizations throughout the country, it was allocated 20 delegates. Here one might raise the objection that, if one organization has 50 members and another 150, they then receive equal representation. However, no system of representation is perfect, and, anyway, the decisions of the national conference are not binding. Second, the conference was attended by representatives of the local coordinating councils as structures of the union itself, and the individual SDS parties and organizations are members of these councils. Third, all the political parties and organizations were represented by their leaderships. Those members of parliament elected on a blue ticket and from whom the SDS had not withdrawn its confidence also attended the conference as delegates. In practical terms, the Democratic Party had a problem in this respect, as it had withdrawn its support from two of its members of parliament, who, nonetheless, remained in the hall, despite the decision by this party organ. Accordingly, the representation at the conference was legitimate.

[Lyubomirska] At the last elections, the SDS campaigned with negative slogans. Now, your campaign is based on positive ones. Voices can already be heard saying that this is demagoguery.

[Dimitrov] The rejection of communism is not an ambition with no other aim because, if communism eliminates the normal and natural forms of economic and political existence, then the rejection of this form of state in itself suggests its alternative—a democratic state with a market economy.

It is not true that the SDS position is purely negative. We have repeatedly explained the specific measures we will undertake if we win political power, and have indeed been attacked in connection with these measures. We should not forget that a large part of the campaign mounted by the BCP [Bulgarian Communist Party, a derisive epithet for the Bulgarian Socialist Party] in the

last elections was concerned with the terrifying aspects of the shock therapy proposed by the SDS. We want to wisely rule a normal state.

To accept that our so-called anticommunism is regarded as having negative connotations is the same as considering that the phrase "I do not want to be sick, I want to be strong and well" is a negative idea.

Concerning the kind of campaign waged by the parties, I would have no objection if the BCP waged a positive campaign and said that it still wants communism, a 50-percent communism. One would like to know how much communism it wants.

[Lyubomirska] What do you have to say about the differing assessments of the president's appearance at the SDS national conference?

[Dimitrov] In Bulgaria, neither the president nor the ministers have been depoliticized. Depoliticization is a phenomenon for civil servants, not for the supreme servants of the state. Regarding President Zhelev's attendance, I consider that no one in the world would be disturbed if Mr. Valery Giscard d'Estaing attended his party conference as president. As for me personally, I was very pleased by President Zhelyu Zhelev's attendance. I presume that the chairman of the Republican Party would be just as pleased if Bush made an appearance at its conference.

To want the president of a country to be an apolitical figure is absurd, to say the least. It is completely normal for the vice president [Atanas Semerdzhiev], who was a Communist for so many years and whose preferences for the Communist Party are evident, to attend a meeting of this party. That is, of course, if we want to be a normal state.

Dertliev Interviewed on SDS Conference Results

AU2806144691 Sofia SVOBODEN NAROD
in Bulgarian 25 Jun 91 p 1

[Interview With Dr. Petur Dertliev, chairman of the Bulgarian Social Democratic Party, by Georgi Miloshev; place and date not given: "We Want To Keep Our Separate Image!"]

[Text] [Miloshev] Did something surprise you at the conference?

[Dertliev] I would not say that. I anticipated the intolerance. I expected that Bolshevik methods would be used to influence people. I even anticipated the impatience with every delegate you did not happen to like.... However, at the same time, the beginning of an awakening was apparent—namely, the understanding that the unity of the Union of Democratic Forces [SDS] is threatened precisely by the endless desire of certain people to impose their opinions, something that has nothing in common with democracy.

[Miloshev] What will you remember from the conference?

[Dertliev] Well, there were some amusing moments. For example, the people who most energetically used ironic remarks such as "Bulgarian Communist Party" and "Fatherland Front" were the first to become silent when a proposal was voiced to set a three-year term....

[Miloshev] Term of what?

[Dertliev] A term of three years, during which one has not been a member of the Bulgarian Communist Party as a prerequisite of being nominated as a candidate for membership in the National Assembly. Then, suddenly, the most zealous opponent of the communist dictatorship lost its voice.

[Miloshev] Will you change your plans for the election campaign period?

[Dertliev] We categorically support SDS unity. However, we do not adhere to uniting upon a really rightist platform. We want to keep our separate image. Our party's congress is our supreme leader. We can talk, negotiate, and reach agreements. However, no self-respecting political party could place somebody, whoever he is, above the congress.

[Miloshev] What are your plans for the next few days?

[Dertliev] We will try to explain to the SDS National Coordinating Council that, regardless of how much we talk about unity, there will be no unity without tolerance. Furthermore, inasmuch as there are various political "images" in the SDS, we must give the people the possibility of making their choices and express their preferences through their votes.

[Miloshev] What is the common denominator of the various "images"?

[Dertliev] Our striving to remove totalitarianism is our common denominator. However, unlike certain other people, for us totalitarianism is not only communist totalitarianism. By eliminating one type of totalitarianism it is necessary to block the way for a new type. Another common element is the conviction that the riches that have been taken from the people must be returned to them. We will also be united by our desire to create a society whose pluralistic character is evident both in economy and in politics. Let the people decide between the various formations and their nuances.

[Miloshev] What is your forecast for the coming elections?

[Dertliev] It is too early to tell. Many things will develop in the next two to three months. However, I think that those who already blow the horns of victory are wrong. The SDS will be in a difficult position.

[Miloshev] What do you think are the most serious obstacles to an election success?

[Dertliev] The obstacles do not come from the side of the Communists. The obstacles exist within the SDS.

SDS National Conference Negatively Assessed

*AU0107114391 Sofia SVOBODEN NAROD
in Bulgarian 26 Jun 91 p 1*

[Article by Valentin Mladenov: "Why Hide Truth?"]

[Text] The Third National Conference of the Union of Democratic Forces [SDS] again disappointed those who expected a constructive dialogue and clear decisions related to the acute problems of the transition toward democracy. Indeed, the initiators of the conference hardly posed such goals. Obviously, the leaders of the so-called SDS-National Movement are much more interested in ensuring their presence in the next parliament than in working to expand public support for the opposition as a whole.

Another step toward creating a new neototalitarian party was made by the decisions on allowing individual membership in the SDS and the actual replacement of the local party committees by "civic committees," empowered to nominate candidates for people's representatives. Thank God, "common sense" prevailed. It was decided that the period until the elections is too short for the construction of new party structures, thus the "civic committees" will temporarily coexist with the still-tolerated local and municipal coordinating councils. It still is to be established whether this is not another time bomb aimed at destroying SDS structures on the very eve of the elections.

The delegates to the conference also witnessed other "happy" developments. Thus, the commission on changes in the SDS Statute heard a proposal, read from the rostrum, which it never discussed or proposed. In addition, the struggle for supremacy in the new Fatherland Front structures between the Sofia City Consultative Council and the Group of 39 led to voting several times on the same texts.

This was not the end of the curiosities. The delegates of the Bulgarian Social Democratic Party were again greeted by the claque, with exclamations "BCP" [Bulgarian Communist Party]. In the "most democratic manner possible," they were prevented from voicing their opinions. The exercises in anticommunist rhetoric on the part of former Communists who quickly adopted a new faith exploded in many sectors of the hall. Then the proposal of the Social Democrats was submitted—namely, to refrain from nominating as SDS candidates for people's representatives people who have been BCP members within the last three years. This proposal created real confusion, and noted representatives of the so-called National Movement, loyal supporters of the fierce anticommunism, suddenly discovered previously unknown merits of the former Communists, of which the opposition should by no means be deprived. What remained unclear at the conference was how it is possible

to combine the interests of democracy with aggressive careerism and love of power.

However, one thing is certain. The majority of red and blue Communists will also dominate the next parliament. It only remains to be seen which group will be more numerous.

Clubs for Democracy Leader Simeonov Interviewed

AU0107101391 Sofia BULGARSKA ARMIYA in Bulgarian 27 Jun 91 pp 1, 3

[Interview with Petko Simeonov, chairman of the Federation of Clubs for Democracy, by Valeri Vasev; place and date not given: "Let Us Simply Be Democrats"—first paragraph is BULGARSKA ARMIYA introduction]

[Excerpts] The first interview Mr. Petko Simeonov, chairman of the Federation of the Clubs for Democracy, gave after 10 November 1989 was especially for our newspaper. More than one year has passed since then, and the interest in the democratic structures led by him has not decreased, although the situation of the various political forces is different today.

[Vasev] Let us begin where we ended the previous interview—what has changed in your life? Do you see yourself as a democrat?

[Simeonov] Bulgaria has changed a lot, and I think, that when one can say everything he thinks and organize his supporters in whatever form he wants, freedom of political struggle is evident, and this means that there is political freedom. Whether I am a democrat—this will be shown by my words and deeds.

[Vasev] You were one of the first to raise the issue of depoliticizing the Army. What is your present position on this issue?

[Simeonov] In part, this was viewed as heresy; however, the depoliticization is a fact. This is a process, and all attempts to stop it will be unsuccessful.

[Vasev] Let us proceed. As chairman of the Federation of the Clubs for Democracy, could you describe the situation within your organization?

[Simeonov] Our federation presently consists of 119 clubs, perhaps even more, and they are scattered throughout the country. Some 12,000 to 13,000 people are members of our clubs. Perhaps this is not a large number, but our members are mostly intellectuals—creators, engineers, teachers, and doctors. [passage omitted]

[Vasev] How do you feel that you are in the opposition?

[Simeonov] We adhere to preserving the unity within the Union of Democratic Forces [SDS]. I do not know whether you noticed, but our clubs never attacked an SDS member. Never!

[Vasev] Does it also include the 39 deputies who left the parliament?

[Simeonov] Yes.

[Vasev] There also are your members among those who walked out of the parliament. What is your attitude about this?

[Simeonov] We also have members who remained in the parliament. We do not force anyone to leave the parliament and have not voted political no-confidence in those who left, as other organizations did. We are tolerant toward our members. [passage omitted]

[Vasev] You also left the parliament. Was this a creative position?

[Simeonov] I also walked out, but I do not belong to the group of the 39. I had my reasons, and this is not the place to reveal them. I never doubt good intentions, but good intentions alone are not enough. [passage omitted]

Constitutional Forum Chief on Political 'Stalemate'

AU2906195291 Sofia BTA in English 1828 GMT 29 Jun 91

[Text] Sofia, June 29 (BTA)—At the moment the political situation in Bulgaria is in a stalemate. There is every sign to consider that the new parliament may also get into a stalemate, Mr. Nikolay Genchev said. He is a prominent Bulgarian historian and leader of the Bulgarian Constitutional Forum set up a few months ago. The forum seeks to play the role of a centre in the country's political life.

At the national conference of the forum today Prof. Genchev presented his views on the situation in Bulgaria, dwelling on the solutions that should be sought. According to Prof. Genchev in the last months the Socialist, formerly Communist, Party has managed to make some clever manoeuvres and deliberately attenuated its clashes with the opposition to survive and protect itself. In the meantime the Stalinists in it closed their ranks, while "the fragile radical formations disintegrated." With a few moves—playing at a coalition government, Andrey Lukanov's refusal to launch the economic reform, the SDS's [Union of Democratic Forces] becoming part of the economic and political bureaucracy, partially investing the opposition with powers—the BSP [Bulgarian Socialist Party] gained time, Prof. Genchev stated.

In his opinion the opposition Union of Democratic Forces has also exhausted considerably its political credit through a series of acts of the "no, but yes" kind—it gave up the "velvet revolution," entered the

local administration bodies which led to its amortization, it agreed to participate in the government. "The opposition has been adroitly tamed," Prof. Genchev said. Besides, in his opinion, at the moment the Bulgarian institutions are disintegrating—the state institutions are still there, but they do not function any more. The president has no real powers. The economic reform is a half-way reform. Bulgaria is facing a demographic collapse and disintegration of the national consciousness. According to him it is particularly dangerous that the socialist megalomania has been transformed into national nihilism. Interethnic tensions are mounting.

According to Prof. Genchev, being threatened by a restoration, a military dictatorship or either an organized or spontaneous rebellion, Bulgaria's only way out is a parliamentary, though slower, transition to democracy. Prof. Genchev declared himself to be for a presidential and parliamentary rule.

Prof. Genchev and the Bulgarian Constitutional Forum propound the ideology of liberal democracy and neoliberalism which is the only road Bulgaria should embark on.

Jan-Apr Production Statistics Reported

91BA0812A Sofia BULGARSKI BIZNES in Bulgarian
20 May 91 p 4

[Report by the Central Statistical Administration: "April Economic Results Confirm That No Revival Will Occur Without Changes"]

[Text] In the first four months of the year, Bulgaria produced goods worth, at current prices, 48.7 billion leva; of this amount, 39.3 billion were accounted for by industrial commodity goods (excluding agricultural organizations and private producers; production comparisons in terms of value are based on 1990 prices). The share of construction and installation, and engineering and geological prospecting operations was 4.7 percent of the total volume of output; income from transportation, 8.3 percent; commercial discounts, markups, and supplements, 3.7 percent; and income from other activities, 2.5 percent.

As a result of price changes, as compared with the first four months of last year, the volume of output in terms of value rose by 31.2 billion leva, and of industrial commodity output by 26.6 billion. Excluding the influence of price changes, the overall output (in comparable 1990 prices), as compared to January-April of 1990, declined by 20.1 percent, and that of industrial commodity goods by 25.8 percent.

For the month of April, as compared to the same month in 1990, production dropped 15.6 percent, and that of industrial commodities 23.5 percent. The volume of output was lower compared to March.

The April results are on the level of those anticipated by the enterprises at the start of the month. This indicates

that the production units must have been clearly aware of their actual possibilities and had taken into consideration the substantial difficulties they were expecting. It was precisely because of such difficulties that production shortfalls in April totaled 2.4 billion leva.

April production shortfalls caused by the lack of raw and other materials and complementing and spare parts influenced the production decline by 9.1 percent, with an overall drop of 15.6 percent for the month. Goods production declined by 50.7 percent as compared with the same month of last year for enterprises, and as compared to 48.7 percent for the previous month of March. In the first four months of the year, output declined in 2,983 enterprises or in 53 percent of their total.

Ten enterprises had no production for the entire period of four months. In January, 98 enterprises idled (the volume of goods they produced for the same month in 1990 was worth 39 million leva). There were 113 in February (with 51 million leva), 131 in March (with 28 million leva), and 113 (with 38 million leva) in April. They were mainly enterprises with low production capacities that became idle. Of the idling enterprises in April, 64 were in industry, 10 in construction, 16 in trade, and 23 in other material-production sectors.

As compared to the first four months of 1990, production declined in 216 of a total of 278 municipalities. In 32 of them, the decline exceeded 40 percent.

Industry

The sector continues to show the highest absolute and relative production decline. Industrial commodity output declined by 4.4 billion leva as compared to the first four months of 1990 (based on 1990 prices). More than 77 percent of this decline was in the electrical engineering, electronic, chemical, petroleum-refining, food, and machine-building industries. Production increases occurred only in the clothing and printing industries.

The volume of industrial goods declined, compared to January-April 1990, in 1,873, or 66.6 percent of all enterprises.

Production shortfalls in industry (based on current prices) caused by the lack of raw and other materials and complementing and spare parts totaled 5.3 billion leva; 1.1 billion were due to failure to sell finished goods and nearly 1 billion from the closing down of production facilities or branches, or working at reduced capacity.

Construction

Compared to January-April 1990 (based on 1990 prices), the sector performed less planning, geological survey, and construction work by 183 million leva. During that period, construction shortfalls exceeded 70 million leva,

due to the lack of construction materials. This accounts for almost 40 percent of the decline in construction output in the sector.

In the first quarter, capital investments totaled 1.2 billion leva or 2 percent less than the level achieved during the same period in 1990. At the same time, installed fixed capital worth 311 million leva indicated a 60.4-percent decline. A total of 2,316 housing units were completed, as compared to 2,613 in the first quarter of 1990.

Transportation

Income from transportation activities in the sector totaled 4 billion leva. Of this amount, 3 billion was from price changes as compared to January-April 1990. Because of a scarcity of fuel and reduced haulage of goods and passengers and so forth, income dropped by 794 million leva.

Trade and Prices

Retail trade in state and cooperative stores (based on current prices) totaled 8.5 billion leva, or 33.8 percent more than in January-April 1990. The increase in trade was lowest in Sofia (16.4 percent). Income from trade discounts, markups, and surplus charges for the January-April period totaled 1.7 billion leva.

The consumer price index for April was 102.5 percent, which indicates that the sharp increase in the prices of goods and services during that month had ended. In durable goods, price increases were 106.07 percent, and, in services, 106.2 percent. The index of foodstuffs (including alcoholic beverages) showed a decrease in prices: It was 96.1 percent.

Agriculture

Areas planted in basic spring crops in the farms declined by 30 April as compared to the same date in 1990. The smallest were the areas in corn for grain and silage, soybeans, beans, and potatoes (medium-early and late), reduced by about one-third of the areas in such crops last year.

The condition of the autumn crops of wheat and barley, according to the experts, is excellent or good for 95 percent of the areas. With favorable weather conditions in the next two months and a good organization of the necessary technological measures, we may expect output per decare of wheat to be about 430-445 kg and of barley 400-415 kg.

By the end of April, the farms had harvested 15,900 tons of vegetables, or 9,400 tons less than in the first four months of 1990. Greenhouse production of tomatoes and cucumbers totaled 15,500 tons, or 7,600 tons less. The harvesting of the other early vegetables (radishes, lettuce, spinach, green onions, and fresh garlic), 485 tons, or less by a factor of 4.8.

There has been a worrisome substantial decline in the number of main farm livestock for all category farms and livestock output.

As compared with 1 January 1991 (that is, in a period of no more than three months), the number of cattle declined by 42,000, that of cows by 8,000, and that of poultry by 3.4 million. Such drops are severely undermining the reproductive base in animal husbandry.

The number of cattle, hogs, and sheep raised on the private farms of the population continues to increase. However, it cannot compensate for the decline in the public farms. At the same time, there has been a relative decline in the number of poultry kept by the population, due mainly to the scarcity of concentrated fodder.

Because of the smaller number of cows, ewes, and laying hens, it is expected that, as compared to 1990, milk production in 1991 will drop by about 60 million liters, and egg production by 200 million.

The purchased amounts of meat, milk, and eggs from all category farms increased in March, as compared to February, by 4,000 tons, 24.9 million liters, and 11.5 million units, respectively. When we compare January-March 1990 with the same period in 1991, we see a substantial decline this year: meat by 70,600 tons, milk by 139 million liters, and eggs by 198 million. Compared to the first quarters of 1985 and 1989, the volume of purchased livestock products declined as well.

The purchasing enterprises and trade organizations are unable to purchase and market goods because of reduced consumption and differences between producers and purchasing companies in setting purchase prices.

Production drops adversely affected the financial situation of enterprises, as well. In the first quarter, the nonfinanced state, municipal, and cooperative enterprises showed a profit in current prices totaling 4,791 million leva (excluding agricultural enterprises and the Inkoms, ZIT Agrotekhnika, and Optichni Tekhnologii firms). As compared with the same period last year, profits in current prices totaled 2,660,000,000 leva, or increased by a factor of 2.2. The increase was less than that of the price increases. Consumer prices alone for March were higher compared to January by a factor of more than 3.3.

In the first three months of the year, the enterprises paid a 620-million-leva turnover tax. Compared to the same period last year, increases, in current prices, totaled no more than 116 million leva, or 23 percent. The lesser increase in the turnover tax may be explained by, in addition to production drops, the stockpiling in enterprises of unsold goods, which, by 31 March, totaled 5,631,000,000 leva, or about 17 percent of the volume of output for the first three months of the year.

The quarterly turnover tax was 7.8 percent of the one anticipated for the year, based on the Law on the State Budget of the Bulgarian Republic for 1991.

The situation with the excise duty tax was similar. During that period, it amounted to 888 million leva. Compared to the first quarter of 1990, the increase in current prices totaled 316 million leva, or 55.2 percent. The total excise fees were 15.6 percent of the annual amount, as stipulated in the Law on the State Budget.

The profit tax for the first three months of the year was 1,985,000,000 leva. Despite the decrease in the basic amount of the tax (from 50 percent to 40 percent), the increase totaled 865 million leva, or 77.2 percent, as compared to the same period last year. Despite this great increase, due essentially to a decline in production and the high volume of unsold goods, the profit tax for the quarter was 11.4 percent of the anticipated annual budget revenue from this source.

Account receivables of enterprises increased significantly, due partially to the insolvency of a high percentage of customers. By 31 March, they reached 21,508,000,000 leva in current prices, or 11,899,000,000 leva more than at the start of the year. The enterprises are owed by customers 14,511,000,000 leva (9,629,000,000 more than at the beginning of the year); various debtors owed 3,351,000,000 leva (939 million more).

Turnover fund credits increased insignificantly; the interest on them increased several hundred percent. By 31 March, such credits totaled 17,113,000,000 leva, or 456 million leva more than at the start of the year. Rescheduled repayment loans increased by 87 million leva.

Short-term loans increased at a fast pace: By 31 March they totaled 1,869,000,000 leva, or 813 million leva more than at the start of the year; however, their share in the sum total of loans and obligations remained relatively low.

Loans for capital investments declined. By 31 March, they totaled 5,779,000,000 leva, or 132 million leva less than at the start of the year.

There has been an impressive increase in the other obligations assumed by enterprises. By 31 March, they exceeded 30,243,000,000 leva, or 16,307,000,000 (53.9 percent) more than at the beginning of the year. Debts to suppliers totaled 14,368,000,000 leva, or 9,965,000,000 (69.4 percent) more.

The sum total of loans and other debts totaled 55,004,000,000 leva by 31 March, or 17,453,000,000 leva more than at the start of the year. The sum total of debts and credits accounted for 27.8 percent of the overall amount of enterprise liabilities, or 65.7 percent, excluding their own assets or assets of equal status.

The average wages during the first quarter, computed on the basis of the overall average number of personnel in all economic sectors, reached 1,465 leva, or about 78 percent more than in January 1990. The average

monthly wage was 488 leva; excluding women on maternity leave, it averaged 513 leva.

The average wage in material production was 1,460 leva, or 21 leva less than in the nonproduction area. The main reason was the lower average wage in agriculture and the forest economy, where the seasonal nature of employment has a substantial influence. Also lower were the average wages of people employed in trade, material, and technical supplies and purchasing. The wages of people in transportation, management, science, scientific services, and other sectors in the nonproduction area and construction were significantly above the national average.

The funds used to compensate for increases in consumer prices, accounting for about 28 percent of the overall wage for the first quarter, were included in the computation of the average wage. Compensation amounts per worker, paid in February and March, totaled 407 leva.

In the first quarter, 85,000 blue-collar and white-collar workers were laid off as a result of the closing down of production lines, shops, and other subdivisions of enterprises and of personnel reductions. During the same period, nearly 1 percent of the personnel went on unpaid leave. In addition, during the quarter, some of the personnel worked part-time only.

In May, the enterprises expect to produce goods worth 15 billion leva in current prices, 12 billion of which will be industrial commodities.

Bearing in mind that their projections for April were insignificantly different from the actual results, it may be assumed that the anticipated income for May will be achieved. This leads to the assertion that, unless there is a substantial change in economic circumstances, one can hardly expect any substantial changes in production results.

Unemployment To Increase in All Sectors of Society

AU0107112391 Sofia DUMA in Bulgarian
28 Jun 91 p 4

[Report by Vasil Popov: "For Every Vacancy There Are 19 Unemployed"]

[Text] In real terms, there are now 19 unemployed for every job vacancy in the country. However, in the case of agricultural specialists, the number is 261 unemployed for each vacancy, and, for engineering or technical personnel—67 persons for each job.

For months now, I have been looking around in vain seeking work, a graduate in his twenties said, but, either they want employment experience, which at my age I cannot possibly have, or they simply refuse, with very little explanation, to give me a contract.

Young people under the age of 30 account for 44 percent of the total unemployed. Almost one-third of them are

specialists, and almost a third are university graduates. Some of them found themselves in limbo when their scholarships were unexpectedly discontinued.

According to an authoritative study from 30 May 1991, half of all the unemployed in the country are in the most active 30-to-50-year-old age group, whose total number has reached 205,950. Published figures from the National Employment Exchange show the number of people out of work on 20 June already at 227,537.

The Plovdiv and Sofia Oblasts and Sofia City have the highest percentage of unemployed, and the Varna, Mikhailovgrad, and Burgas Oblasts, the lowest. It is expected, however, that regional differences will decrease to a comparatively even level when the burden of unemployment spreads itself out equally in all the different areas of the country.

At the beginning of June, nationwide unemployment reached 5.45 percent, which puts Bulgaria in the group of countries with an average level of unemployment. However, according to some unemployment growth rate analyses and predictions, Bulgaria's total number of unemployed could top the half-million mark toward the end of the year, which will surpass the reasonable limit of 8-10 percent.

Of all those registering as unemployed, 58 percent receive aid and allowances in line with Council of Ministers Decree No. 57, and the rest are registered on a general basis and receive no such help.

Women, who until recently enjoyed equal job opportunities, are feeling the effects of unemployment more sharply. About 60 percent of all those registered and jobless are women.

According to professional and education indicators, almost half of those unemployed in the country are blue-collar workers, and over one-third of them are specialists. Over 10 percent of unemployed specialists have higher educations. The largest number of those without work have an educational background in engineering or technical subjects, followed by economics and educational specialties. In recent months, the percentage of unemployed agricultural specialists has grown. The lowest percentage of unemployed comes from the health-care field.

Among those workers and employees discharged from work by Council of Ministers Decree No. 57, about 83 percent were predominantly from material production and over 17 percent from the nonproduction sphere. The absolute number of workers and specialists from material production is growing. In May alone, the number increased by 27,491, of which, 12,531 are in industry.

After carrying out studies and analyses, a group of experts from the Supreme Council of the Bulgarian Socialist Party [BSP] believe that the political parties and trade unions, including the BSP, are underestimating the unemployment problem in the country.

According to the experts, numerous unfavorable factors will increase the army of unemployed and will hasten the process of a wide-scale uniting of a considerable proportion of the working population. The dismantling of old structures—unavoidable for the transitional period—the lack of raw and other materials, and the unclear government concept of economic prospects were cited among these factors.

If the unemployment problem is not resolved on the basis of a rational government program, the experts claim that it will produce a threat of a social explosion. They believe that forming an association for the unemployed could unite people of all ages, from all professions, and of all political and ethnic groups into a united social movement. Such an association, supported by all political forces, would be able to undertake the social protection and care of all the country's unemployed in their search for employment.

Policies of Former Regime Affect Blood Supply

*91BA0724B Sofia SVOBODEN NAROD in Bulgarian
17 May 91 pp 1, 3*

[Article by Svetlana Tarashoeva: "Todor Zhivkov's Blood Group Is A"]

[Text] Several years ago, when our former prime minister had to undergo surgery, the government hospital submitted data on his condition to the Republic Blood Transfusion Center under the code name of a woman with blood group A. At that time, however, no blood transfusion was needed.

Only two years ago, as chairman of the Committee on Defense, Todor Zhivkov personally signed and issued a strictly confidential state plan concerning blood donors. All documents concerning the number of blood donors, the quantity of blood taken, and the biological preparations were veiled in secrecy.

However, it is no longer a secret that today in our country the blood-donor program is in a state of crisis. In 1986, there were 60 blood donors per 1,000 persons in Sofia. For the entire country, their number was 500,000. Today, the number has declined by about 30 percent. Yet, for a country to meet its normal needs for blood, there should be no fewer than 60 blood donors per 1,000 persons. In France, for example, there are 70.

In recent years, despite secret state plans, the reasons for the catastrophic decline in the number of donors steadily increased. State labor legislation had indoctrinated our society against giving blood. As the enterprises converted to cost accounting, their managers opposed the giving of blood, which, in their view, disrupted production. In 1989, when the director of the brewery introduced the new assembly line for Prints Beer, he prohibited the organizing of blood donor groups in the factory. According to the Labor Code, a blood donor has the right to a two-day rest: the day blood is taken and the next day. Therefore, in practical terms, if 80 persons in a given

enterprise were to give blood and go on leave, the entire assembly line or the entire production process at the enterprise would have to come to a halt.

The decline was particularly drastic among students, the main blood donors in 1986, due to a fear of contamination with AIDS and hepatitis. In 1987, the BTA reported that such contamination was possible in giving blood. It was later established that it was a member of the Central Committee of the BCP [Bulgarian Communist Party] who had supplied this information. The simple reason was that the comrades there had resorted to disinformation, deciding to take care of the matter immediately and most detrimentally to public health—and it was not the first time they had used this tactic.

"We have no AIDS in Bulgaria. We shall not write about it, and we shall not stir up the people," the notorious Professor L. Shindarov said at the time. The fact that the hospitals were short of blood was of no interest to him. "We were forced to fight like Don Quixote, rushing against windmills," says Dr. Vutkovski, director of the Republic Blood Transfusion Center.

Today the people are egotistically concerned about their health. There was no food during the winter, and now there is no money. It is easy to say that this is not the time to give blood. The crisis is not only economic, political, and social but also humanitarian. Human life must not be an object of business, as we are trying to do today with everything. However, probably blood as well will fetch a new higher price. It was proposed to the Ministry of Finance to increase the price of a liter of blood from 350 to 500 leva.

If we were to promote selling blood, would we not undermine the free contributions? Would we, in that case, speak of morality or of the cynicism of a society that cannot provide free of charge what is most valuable to human life?

There still are people who refuse to accept blood transfusions. A mother refuses a blood transfusion for her child, claiming that God gave the disease and we must suffer. A father refuses to give his blood to a member of his family for fear that his soul will later move into the body of someone else, even though the blood may be for his own son.... There are those who fear the sight of the flow of their own blood, or faint just looking at it. It is as

though, for many of us modern people, blood remains synonymous with something mythical and magical. Yet, this is the most valuable medical substance in modern medicine. For the time being, nothing can replace it, and blood cannot be chemically duplicated.

In our country, 94 or 95 percent of blood is donated, and only 5.6 percent is sold. However, to somehow compensate for the shortage of blood, last June the system of giving blood to one's relatives was introduced. In the United States, this is the widespread concept of directed donation. Although it has been criticized by the Red Cross because of the possibility of extortion of the patient and speculation on the part of the relatives who have provided the blood, this system is practiced in virtually all countries. To a certain extent, it corrects the scarcity of free donors. It is obvious that this could be a temporary solution to the crisis in our country.

According to the Hematology Institute, the patient must know the donor. The Red Cross, however, demands anonymity. According to the director of the Blood Transfusion Center, who is perhaps the one most deeply involved in the actual problems and needs, giving blood freely and without designating it for a specific person is an even higher manifestation of humaneness than donating it to a relative.

The greatest successes have been achieved in countries where the state manages the blood-donor process. According to French Prof. Philippe Croz, the state ranks first as a decisive agent for the collection of blood. In our country, since last October, there has been a draft law on giving blood, separate from the Law on People's Health. It is only by passing such a law that the problems of giving blood will be resolved because, if there is no state document, how can private companies, for instance, get involved? While the deputies are taking their time, it may all of a sudden become necessary to import blood from foreign countries, or else, given the lack of foreign exchange, beg for blood as humanitarian aid.

Perhaps spontaneously, guided simply by humanitarian ideals, Bulgarians will think of the Association of Free Blood Donors that is so greatly needed today. We hope it will not be an offspring of the Red Cross, so that we will not have to witness, once again, a maladministration of blood giving in Bulgaria.

Slovakia's Constitutional Options Reviewed

91CH0663A Prague RESPEKT in Czech 16 Jun 91 p 8

[Article by Dano Butora: "Politics Knows No Catastrophes—Calmly on the Arrangement of the CSFR"]

[Text] Czecho-Slovak statehood is constantly more the subject of debates in the Czech lands as well as in Slovakia. Following the changes in the republic government, the Slovak side experienced a shift toward the concept of a state treaty, even though, in the case of the VPN [Public Against Violence] Party this shift was not in the same sense as had been promoted from the beginning by Jan Carnogursky. On both sides, there are feelings of fear regarding the future of the federation, even though these fears are probably greater on the Czech side. Why is this so? Why do a large number of public officials designate the possible dissolution of the CSFR as a catastrophe and present such a scenario automatically as being catastrophic?

The answer must be sought in the different perception of statehood in the Czech lands and in Slovakia. Toward the end of the last century, Czech society experienced its stage of nationalism which was primarily aimed against Austria. Some common characteristics of present-day Czechoslovakia and Austria, or rather the Austro-Hungarian Monarchy, can result in the appearance of an analogy (of course, only to a certain extent). I see the most important common characteristic in the identification on the part of the "majority" nation with a state form which fully satisfies its needs; with that nation having lost the need to identify its state identity with its national identity. This is undoubtedly one of the reasons why Austria was unable to recover from the dissolution of the monarchy and why, some 20 short years later, it so rapidly accepted the Anschluss to the German Reich.

Czech statehood quite simply found itself fulfilled in Czechoslovak statehood. If one says "we" in the Czech lands, what is meant by that is Czechoslovakia (in Slovakia, at least at present, the opposite is true). To the extent to which the republic or federal government makes the same mistake, it will result in a wave of indignation in Slovakia against the "federalists," whereas in the Czech lands the Czech prime minister will pay the price. To Czech thinking, it is simply incomprehensible why this larger state formation should be split into some kind of smaller components.

Unfulfilled Slovak Statehood

It has already been stated several times that a different atmosphere prevails in Slovakia. Thus far, if we do not count the unhappy period during World War II, the feeling of Slovak statehood has not been fulfilled. Here, national identity is understood to be state identity. It is not important now whether this is in harmony or in conflict with European trends. What is of importance is that a large majority of Slovaks think this way. This is also the source of and support for the conflict-filled innovative concept of "complete sovereignty, but within

a common state"—simply everybody who thinks realistically and who is not interested in ruining this country comes to see the limits of independence in the desire "to make decisions regarding themselves."

To all of this must be added the work of the Slovak media which are actually firing ball ammunition across Moravia. Also, the disparaging attitude toward Slovakia, which is persisting in the Czech lands and which is causing a great deal of displeasure in Slovakia. Of course, threatening social uncertainty is also doing its bit.

Is It Possible To Merely "Protest"?

How will the joint state develop? What all is still ahead of us? Primarily, it is necessary to realistically approach the various scenarios, to shed unsuitable emotions. No catastrophes exist in politics and final decisions exist only in the form of more or less advantageous solutions which, in the final analysis, always become subordinate to certain interests. It is necessary to calmly consider what types of interests would be realized in the case of some solutions and, on the other hand, what type of interest would remain unfulfilled, which solutions would be advantageous and which would not.

One of the possible expectations is that, in a year or two, the Slovaks will have "had their fill of protests," that they, finally, will "get some sense in their heads" and will begin to devote themselves to something "useful." However, no one is capable of estimating the duration of such a civic ripening.

What if Slovakia should become independent shortly? Both nations would definitely find themselves in great economic difficulties. Moreover, the Slovak Republic would experience political isolation by the West. However, the shadow would also fall upon the Czech lands, because, in the eyes of the West, the Slovaks "would not be struggling for no reason at all." The main problem would likely soon turn out to be coexistence with the Hungarian minority and the question of Hungary's borders, because all international guarantees of these borders are tied to Czechoslovakia. Briefly stated, an economic and security crisis would occur.

For Whom Would Partition Be Satisfactory?

Who will be satisfied by such a solution? In the short term, clearly the majority of Slovaks who could "be making decisions on their own." However, there would be a question mark over the democratic character of such a state because the economic and security crisis would rapidly lead to development of a political crisis. Most likely a single small group having a great deal of authority at its disposal would prevail (and it is hard to say for how long).

In the long term, such a development could even benefit the Soviet Union (as long as we assume that it will retain its imperialistic character), as well as some circles in Hungary which have thus far not gotten rid of the idea of a Great Hungary. They could not even begin to visualize

a better variation than such an isolation. Here, it is worth mentioning that the prime minister of the fascist-oriented Slovak state, Dr. Tuka, was (as was later shown) an agent of the Hungarian Secret Service.

Paradoxically, for the Czech side such a step could appear to be advantageous from the long-term standpoint. The Czech Republic would (after overcoming problems involved in its own statehood) be essentially rid of the Slovak millstone around its neck and could rapidly incorporate itself into European economic, political, and security structures. However, it is not likely that it would be rid of its economic dependence upon German capital.

The follow-on generation in Slovakia would likely have to again solve the relationship between its country and Europe and after being cured of the illusions of a national state as a pinnacle of national history would mostly likely lead Slovakia to Europe one way or another. However, we would lose several decades and we would possibly cause a fundamental slowdown even in the processes of those momentous changes which are ongoing today in all of Central Europe.

Despite the fact that such a development would, for the majority of the citizens of the Slovak Republic, be highly disadvantageous in the long run, a significant portion of the political representatives and state officials are preparing the ground with their specific steps for such a short-circuit solution. The position of the Movement for a Democratic Slovakia (Hnutí za demokratické Slovensko), which recently joined the still unclear confederation, remains obscure.

Constitutional Partition or a Common State

However, there exist political forces with another agenda. For the time being, the VPN continues to espouse a common state and that which is being promoted by Jan Carnogursky is actually something different from what the separatist organizations are saying at meetings.

Carnogursky's path of slow and constitutionally promoted partition does present the opportunity to avoid something which would most likely be unavoidable by a Slovakia which had been made hastily independent. His principal effort is directed at the political acceptance of Slovak independence in a united Europe. Although the Western position continues to be one of rejection, it could change over the years.

Within 10 years, there will definitely be a large number of joint enterprises which would be retained, even in the event Slovakia becomes independent. Specific calculations would most likely demonstrate that such an approach would be far more expensive than to stay in a common state. It is only then, however, that the political decision can be made as to whether the cost of partitioning the federation through legal means would be acceptable. As far as the Slovak-Hungarian borders are

concerned, not even J. Carnogursky has a clear answer. Much will definitely depend on who will be in political power in Hungary.

What is possibly to be feared in the event this variation succeeds? Definitely the fact that it would be uncertain as to where an independent Slovakia, under a KDH [Christian Democratic Movement] government would find itself in the contemplated continuum between a secularized and a clerical state. Definitely, however, such a Slovakia would be more conservatively oriented than its Czech neighbor. It would be much more like Ireland, Italy, or Poland.

To the extent to which a more pragmatic direction within the KDH were to prevail, something like the Christian Democratic Party represented by the CDU [Christian Democratic Union] or a conservative party like the British Conservative Party, liberally oriented citizens of Slovakia would not necessarily have to be packed off to the margins of society. However, today a whole lot of intellectuals are not sure of this fact.

It still continues to be possible that the approach of the VPN (particularly for economic reasons) might prevail; it proposes that a joint state be retained and would only correct its imperfections in specific cases. However, today the VPN is at the lowest level of popularity since its origin and as long as its address to Slovak citizens does not undergo a fundamental turnaround, as long as the image of its representatives does not improve, it will not be able to contemplate exerting any express political influence.

The Pragmatic Approach

A pragmatically thinking person can, in my opinion, today adopt only one of two positions. Either: "I am in favor of a common state, but am willing to accept even an independent Slovakia (of course, under the above conditions)." The second possible position is essentially an antagonistic one: "I am in favor of an independent Slovakia (under the same conditions), but I am willing to accept even a common state."

The consciousness of some intellectuals in this regard is running far ahead of the consciousness of the majority of the citizens and a portion of the Slovaks thus identify more with Czechoslovakia than with Slovakia. In this orientation toward Bohemia and Moravia, I see primarily a conscious election of cultural congruity with the West; Czech culture (in the broader sense of the word) is closer to West Europe. It is precisely in this area that I think that we in Slovakia would stand to lose the most if a common state is dissolved.

However, let us not forget what we have already stated: that there are no catastrophes in politics and if the partition of the federation comes about, it makes no sense to capitulate. In such a case, we will be faced with more work. I am already looking forward to uttering the

word "we" in my retirement and knowing that everyone will be clear about the fact that I have Europeans in mind.

Poll Shows Popularity of Various Parties

*LD2706121191 Prague CTK in English 1656 GMT
26 Jun 91*

[Text] Prague June 26 (CTK)—60 percent of Czechs would never vote for the Communist Party of Bohemia and Moravia [KSCM] while in Slovakia the ex-Communist Party of the Democratic Left [SDL] has been taken over in unpopularity by the government coalition members Public Against Violence [VPN] and Christian Democratic Movement [KDH].

The VPN and KDH are unacceptable for 38 percent of Slovaks and the SDL for 34 percent, according to a public opinion poll held by the Prague-based Group for Independent Social Analysis [AISA] among 1,260 respondents in mid-June. They were asked to mark the political parties—one or more—which they would never vote for.

The second most unpopular party in the Czech Republic is Miroslav Sladek's Association for the Republican Party of Czechoslovakia [SPR-RSC].

In contrast to the marked rejection of the Communists, the electorate in the Czech Republic is much less united in its preferences. The Civic Democratic Party [ODS] of Vaclav Klaus is favoured by 17 percent, followed by the KSCM with 10 percent, the Self-Government Democracy Movement-Society for Moravia and Silesia with 9 percent, the Greens with 8 percent and the Civic Movement [OH], the Czechoslovak Social Democratic Party [CSSD] and Sladek's SPR-RSC with 6 percent each.

Ten percent would not go to the polls and 11 percent were undecided.

The Movement for a Democratic Slovakia [HZDS] of ex-premier Vladimir Meciar is clearly in the lead in this easternmost of the country's two republics although its popularity has declined substantially in the last two months.

The SDL is favoured by 11 percent, the KDH by 10 percent, the Greens by 7 percent, the Democratic Party [DS] by 6 percent and the VPN by 5 percent.

Parliamentary elections are scheduled in Czechoslovakia for June 1992.

Havel Visits Western Military Command

*LD2806122591 Prague Ceskoslovensky Rozhlas Radio
Network in Czech 1100 GMT 26 Jun 91*

[Text] Vaclav Havel, president of the Republic, paid a visit to the western military command in Tabor today. Correspondent Jaroslav Hudec telephoned us:

[Hudec] After a welcoming ceremony at the western military district command in front of a military unit, there was a meeting with officers of this command, the 9th Tank Division, and other units. President Vaclav Havel stressed the importance of the new defense doctrine of our state. The redeployment of units, the aim of which is to achieve their even deployment on the entire Territory, will continue until the middle of next year, and three new commands will be set up: the west, the central, and the east. In connection with these changes, 2,500 professional soldiers will have to be transferred to other garrisons.

A real gem among the questions addressed to Vaclav Havel was whether he writes his works with the aid of a computer. His positive reply was followed by an attack on the state purse in connection with the need to equip our Army namely with modern computer technology for the needs of its management and command.

Minister of Defense Lubos Dobrovsky recalled his recent visit to the United States, and hinted at the possibility of cooperation in creating the necessary computer networks in the Czechoslovak Army.

The visit of Vaclav Havel to the command of the western military district in Tabor continues, and he is now inspecting the military hardware and training grounds.

Importance of Trade With Soviet Union Discussed

*91CH0666A Prague HOSPODARSKE NOVINY
in Czech 29 May 91 pp 1, 3*

[Article by Blanka Ruzickova: "How To Trade With the Soviet Union—A Market Which Opens the Gates for the Influx of Foreign Capital"]

[Text] For Czechoslovak industry, the Soviet market continues to represent a trade volume which assures employment for 10 percent of the work-capable population of the CSFR.

The development of our exports to that country began to take a significantly unfavorable turn this year. However, the impact is bilateral—even enterprises in the USSR need to produce, something which is difficult even for them following the frequently disrupted traditional ties and mutual deliveries. It is perhaps also for this reason that the Soviet side is now beginning to show interest in seeking joint ways toward solutions.

After the New Year, and on the basis of a payments agreement with the USSR, two payments possibilities came into being: clearing, which essentially serves only the exchange of goods which, following lengthy negotiations, found its way into so-called indicative listings, and then payment in free currencies.

Great hopes were placed on the clearing type of payment because it was considered to be a kind of bridge between practices which were in operation for many years and a total transition toward trading for free currencies and at

world prices. With respect to indicative listings, it was felt that this type of exchange this year will end with a negative balance of approximately \$400 million and that we will, thus, be importing more than exporting. This was to be the way in which the Soviet Union would begin paying the accounts receivable owed to Czechoslovakia over previous years.

However, developments in the first quarter were different: The CSFR has an active trade balance of about \$25 million. Moreover—our accounts receivable involving the USSR have risen to \$4.7 billion. The problem became exacerbated when some Czechoslovak foreign trade enterprises used free currencies to even pay for indicative listing purchases. This is a factor in the growth of the positive balance which could support inflationary tendencies.

Apart from that, credits which we are already drawing on or are getting ready to draw on (IMF, EC, the Group of 24, the World Bank) have a condition attached according to which our positive balance in the USSR will not increase. There is no doubt that without these credits Czechoslovak reforms cannot manage and it is quite understandable that the above institutions have no intention of financially supporting the USSR through us. If they were interested, they could do so directly.

For all other items, which were not compiled in the indicative listings, payments were agreed upon in free currencies. The situation in the USSR, however, is such as it is and primarily indicates that Soviet enterprises virtually have no free currencies. As a matter of complete absurdity, exports are disadvantageous for them as a result of high imposed payments levies. On average, they may retain only about 30 percent of the proceeds resulting from their exports.

Moreover, exports from and imports to the USSR are hampered by a number of government edicts, according to which, for example, these exchanges have been subjected to customs duties ranging from 10 to 1,200 percent (!). Even though some efforts have been observed even in the Soviet Union aimed at mitigating some of the existing regulations, there are only virtually two ways open to our exports. One involves a system of utilizing national currencies and the second involves credits for these exports.

As far as credits are concerned, J. Zahradnik, deputy director of the Czechoslovak State Bank, recently stated that, as of 1 June, he is preparing certain advantaged financing provisions for exports to the USSR. To support exports, a project is being prepared according to which an institution is to be established which would create the opportunity for ensuring exports (including exports to the USSR) and which will be providing certain subsidies. This is aimed at lessening the interest disproportion which arises in granting credits between our banks and foreign banks. The commission, which is preparing the project, is scheduled to conclude its work by 31 May. The subsidies will, however, be an advantage

and will, therefore, be granted only for exports tied to the purchase of raw materials, for example, for exports of promising manufacturers and for exports accomplished within the framework of long-term cooperation. The State Bank is also counting on being able to rediscount the business transactions.

In view of the fact that both of the agreed-upon methods of paying for the mutual exchange of goods began to falter palpably this year, additional ways were being sought. One of these is the possibility of keeping accounts in national currencies. Conditions for such a method have already been worked out and approved by the Government of the CSFR. According to information from our banking circles, the Soviet Government could approve these measures as early as next week. However, this action must be followed by signature ceremonies involving the central Soviet bank and the Czechoslovak State Bank. What are the principles for payments? Primarily, four participants will act on each contract: the Czechoslovak enterprise and its Soviet partner, one or another Czechoslovak commercial bank, and a Soviet bank. The contract may be agreed upon koruna or ruble currencies. Deputy Director Zahradnik, however, recommends that our enterprises trade in our currency. With respect to the practical conduct of transactions, he noted that the central banks will not be determining the rate of exchange. Here, space will be given to enterprises and their commercial efficiency.

What are the real possibilities for trading at individual levels and how can we contribute to improving them? On the first level, that is to say, at the interstate level, it is the effort to make tough demands with respect to realizing transactions within the framework of the indicative listings. Delinquent payments must be pursued, for example, through our commercial representatives directly at the Soviet Bank for External Economic Relations. A certain way in which a nonpaying organization may be forced to fulfill its obligations has now been sketched out by the Soviet Government regulation according to which state subsidies in the USSR will not be granted to those enterprises which fail to fulfill the tasks laid out in intergovernmental agreements.

At the republic level, a certain activity has already been successfully prepared, for example, Russia House, Agrokhim, agreements involving oblasts, etc. The main obstacle for the successful beginning of business at this "level" are the unclarified relationships between the Soviet center and the republics. This is largely a matter of the right to dispose of resources, particularly of raw materials. The Soviet side is preparing to solve even these "jurisdictional" problems. However, it is a good idea to prepare for "D-Day," the day when all this is to come about, well in advance. Activity in this regard must emanate mainly from the enterprise level. This means seeking out solvent partners in the USSR, knowing their requirements, as well as that which they are able to offer. Great opportunities are offered already today by joint Czechoslovak-Soviet enterprises.

Accounting in national currencies should clearly support the very development of commercial exchanges at the enterprise level. With the reserves which this "level" conceals, employees of the Federal Ministry of Foreign Trade estimate that USSR-CSFR trade could reach 70 percent this year of the volume achieved last year. Fulfillment of this optimistic prognosis is important, not only for Czechoslovak sales. It is enough to become aware that foreign investors in this country are most interested in our ties to the Soviet market and in seeing what we can accomplish there.

Budget Role in Economic Reform Discussed

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in Czech 28 May 91 p 4

[Article by Vaclav Klaus: "State Budget in the Process of the Economic Reform"]

[Text] The task of the state budget in the process of the economic reform is considerable. It is not necessary to especially explain that the state budget plays an active role in economic development and, at the same time, reflects the results of the economy. It is both an instrument of economic policy and also a kind of barometer of the economy.

If we follow the development of budgetary revenues and expenditures for the first quarter of this year, we find something which is pleasing to many, but which is a possible suspect factor for others, that the state budgets have achieved a surplus of more than 15 billion Czech korunas [Kcs], which is about Kcs7 billion more than the annual planned surplus. Before we analyze the reasons for this development, let us look at matters first from the standpoint of the mutual relationship between a budgetary economy and the results of the economy as a whole.

In my opinion, our current deepest and best-intentioned view of the short-term development of the economy in the first quarter of 1991 does not make possible the drawing of any kind of clear conclusions or categorical assessments. Too much depends on the attitude of managers and on criteria to which he gives priorities or which, on the contrary, he does not consider to be so important. This evaluation then substantially reflects the a priori subjective element of attitude toward the economic reform and, thus, to its course.

The government, or rather all three governments, embarked on the realization of the economic reform in the knowledge—and no one was concealing this—that price liberalization and other measures which went into effect from the beginning of the year, together with changes in external economic conditions, will result in a number of problems and difficulties, both in the economic and also in the social sector. A decline in the volume of production was anticipated, as was an increase in prices and a rise in the number of unemployed.

Today, when we have statistical data for the first quarter at our disposal, and possibly also data for April, it is possible to state that the persisting intensity of unfavorable tendencies is greater in some areas than had been predicted in the prognoses which were established in November and December for 1991. This has to do both with the decline in the volume of production, and also with the increase in consumer prices and a more rapid growth of unemployment. These are serious problems which, however, unavoidably accompany a transition to a market economy and we must pass through this stage of transformation, whether we like it or not.

Undoubtedly, external influences, which we were unable to fully predict and which it is difficult for us to influence, account for a large share of these economic difficulties. They involve, primarily, the economic disintegration of the Soviet Union and its negative impact on our exports.

Furthermore, it must be taken into account that statistical data regarding the development of prices, production, and employment do not fully reflect the factual situation, because they do not fully capture the dynamics of the private sector. If we had captured all the relative data from the private sector, the resulting indicators of economic developments would undoubtedly have been better. This is a statistical rule which, unfortunately, is repeated in all countries undergoing reform. The delay in data also does not fully capture the activities of services, so that even this sector is undervalued in these data.

As far as the price indexes are concerned, they are calculated on scales which existed in 1989 because we, naturally, do not have any other scales available. We also do not have a different structure of consumption at our disposal. We estimate that the price index would be five to nine points lower if we used scales reflecting the actual structure of consumption in 1991.

Nevertheless, so that this stage would be as least painful as possible and in order for it not to last overly long, it is necessary that the economic policy of the government be sufficiently flexible, but that, at the same time, the government not back down from basic principles which were established for this period by the scenario of the economic reform.

At the same time, it is necessary for the economic leadership of enterprises to be far more flexible under completely new conditions and far more adaptable than ever before in the past. It is precisely the ability to adapt that is one of the most important parameters today which will decide on the continued existence of many enterprises, as well as on the standard of living and employment for many of our fellow citizens.

The current status of the economy and the economic policy of the government are, today, a frequent target for variously motivated criticisms. Constructive criticism is the most helpful to us and to us all. However, we are not helped a whole lot by predominantly one-sided criticisms, the authors of which stress the negative sides of

the process of transformation and, in some cases, draw catastrophic scenarios and disseminate defeatist views of our future. Generally, they either do not have any alternative programs themselves or base them on old methods of state regulation, which the economic reform seeks to replace precisely by market principles.

The government considers it to be positive that it was possible, in the first quarter, to adhere to the fundamental aims in the area of monetary and fiscal policy. Specifically, this involves the stability of the koruna and its internal convertibility, the development of the balance of payments, of credits, as well as of the state budget. The relatively good development of these macroeconomic characteristics is significant because, if the situation was reversed, there would be the greatest likelihood that prices would rise still further than they did and that there would be greater unemployment. At the same time, however, we evaluate the results achieved with caution, because we are aware that sizable problems have arisen or have become intensified in the organizations of the enterprise sphere as well as in the budgetary sphere. I do not wish to analyze them in detail because they have been analyzed many times at various levels and have been discussed; most recently, they were discussed a few days ago in the Federal Assembly.

Now, to explain the question as to how it is possible that, given the current status of the economy, when production is declining, state budgets show a cumulative surplus of Kcs15.3 billion.

First, I would like to react to some views which consider this result to be, for the most part, caused by the asserted restrictive budgetary policy. It is true that individual ministries of finance, following mutual agreement, initiated regulation of budgetary expenditures for the first quarter, irrespective of whether these expenditures involved subsidies to enterprises or payments to organizations in the budgetary sphere. This was not an across-the-board approach, but the specifics of individual sectors and branches were taken into account.

Cumulatively, however, these supplemental regulational measures played only a minor role in creating the budgetary surplus. I would like to draw attention to the fact that of the approved volume of expenditures by the state budget for 1991, 23.3 percent were drawn down in the first quarter. For purposes of comparison, it is possible to state that, in the first quarter of last year, this figure was 19.7 percent and in 1989, a little more than 20 percent.

The focal point of the surplus is to be found primarily on its revenue side, because 26.5 percent of the annually anticipated revenues were realized as of the end of March. For comparison, it is possible to state that, in 1989 through 1990, budgetary revenues ranged between 21 and 22 percent for the first quarter.

The principal factor in the growth of revenues was the high proceeds resulting from the profits tax, which actually accounted for more than 41 percent of the entire

annual budget. At first glance, this would appear to be a uniquely positive phenomenon. However, it involves a somewhat paradoxical phenomenon, particularly because it occurred in a situation in which the volume of production is declining and in which a high degree of insolvency on the part of enterprises is persisting. Even though data on financial management are derived with a certain time delay, it is clear that the main reason for the high profits tax was the rapid pace of profit formation, influenced by the rise in prices which palpably outpaced the growth of wages—in other words, of expenditures by enterprises. The growth in enterprise profits was caused primarily by inflationary developments in the domestic market and, in part, also by the devaluation of the koruna, which raised koruna prices achieved as a result of exports.

Uneven price movements and the unequal share of wage expenditures as well as imports in the overall expenditures of enterprises in various branches, however, resulted in a very unbalanced development of profits, which can partially explain the deepening of the insolvency crisis affecting some enterprises. But these data clearly indicate that it was not the enterprises that suffered as a result of price liberalization and koruna devaluation, something which is attested to by the dynamics of overall profits which, just for the first month of this year, attained an index of 322 percent for centrally administered enterprises.

From the economic standpoint, it is necessary to state the very fact of a budgetary surplus, its unexpected magnitude, cannot be overestimated, nor can it be uncritically considered as an expression of the long-term success of budgetary policy. Nevertheless, we do not denigrate the importance it had in the inflationary situation during the first quarter of this year in regulating overall demand in the economy. The cautious approach toward evaluation is based primarily on the fact that we are dealing with a transitory budgetary status and that it is not possible to mechanically derive conclusions from it regarding the financial situation in the state for the remainder of 1991.

I stress this because publishing the results of the budget has given rise to an atmosphere in which a number of organizations and institutions began to assert their demands to make use of parts of this surplus with the feeling that these were freely available resources for distribution. This is an erroneous view. No competition for such distribution was published. I only wish to note that the state budgets for this year were worked out and approved in appropriate laws with a cumulative surplus of Kcs8 billion for reasons which it is perhaps no longer necessary to repeat today.

If the surplus amounted to a little more than Kcs15 billion by the end of March, then this is approximately Kcs7 billion more than the annual target. And as the statistics of budgetary management over previous years indicate, this was approximately the volume of budgetary deficits for the remainder of the statistical year.

Even here, there is a certain amount of seasonality in developments which generally manifest themselves by high drawdowns of budgetary expenditures for the fourth quarter.

There are even additional arguments calling for a more circumspect approach which indicate that the results for the first quarter are not repeatable. A decelerating inflation will lower temporarily high profits and, thus, even taxes based on these profits. By raising the permitted wage growth guidelines, wages will grow more than they did in the first quarter and will, thus, even lead to a decline in profits and, consequently, in a drop in profits taxes. Expenditures of a social character will be greater and budgets will solve a number of pressing expenditure components. For all of these reasons, it is obvious that short-term developments cannot be used to draw any hasty conclusions, that it is necessary to work very diligently with financial instruments and to utilize them with sensitivity to regulate the economy. But even this only has a supplementing effect. The basic role is played by the conduct of our economic entities and by exogenic influences which originate outside of our sphere of influence.

In summation: Even if the various governments become aware of the complexity of the situation, they are not backing down from their intention to realize an anti-inflationary budgetary policy and it is therefore not possible to expect that a more extensive revision of the approved budget will be undertaken under pressure of the results of the first quarter.

Nevertheless, a number of measures have been adopted in the past days and weeks. The sales tax was reduced by 10 percent and periodical press products were moved to the lowest tax rate category. The import surtax was reduced—something which is also budgetary expense—first from 20 to 18 percent and, as a result of the decision by the Financial Council, on Monday, from 18 to 15 percent. There is a speedup in the expenditures for health care, education, and, in view of the price increases, a quarterly valorization of these budgets will be undertaken.

In view of lower petroleum prices, price differences have resulted in the availability of certain resources which will be used for ecological-type projects, to finance the moving of the petroleum pipeline on Zitny Ostrov, to install desulfurization devices at the Pocerady Electric Power Plant, and for several other smaller specific projects. In recent days, substantial resources have been freed up for use by the Czechoslovak National Railroads, etc. In all of these actions, the government will continue to exert its influence, depending on the further development of the economic situation.

In other words, we see that the state budgets exert an active influence upon various sectors, something which is more necessary in this sensitive period of economic transformation than in a stabilized economy. In any event, however, we shall adhere to the principles of the scenario of economic reform and we shall not permit the state budgets to become an instrument for extensive selective approach on the part of enterprises and to take on the responsibility for the restructuring of industry. The latter will be governed by the laws of the marketplace and the enterprises themselves must become active entities.

Markovic's Talks With Slovene Leadership

91BA0848A Belgrade BORBA in Serbo-Croatian
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[“Abridged” transcript of talks between Ante Markovic and the leadership of the Slovenian Assembly and the leaders of deputy clubs in Ljubljana on 12 June: “Europe Does Not Want a Separate Slovenia”]

[Text] Recently, a delegation of the federal government led by Prime Minister Markovic visited Ljubljana and the Assembly of the Republic of Slovenia at the request and on the insistence of the top political leadership of Slovenia and had extensive conversations on the topic of Slovenia's secession or disassociation from Yugoslavia. The public has seen the speech of Premier Markovic in the Slovenian Assembly and the speech of the Slovenian prime minister Lojze Peterle. That same day, 12 June 1991, Premier Markovic had talks with the leadership of the Slovenian Assembly and leaders of deputy clubs. BORBA is publishing partially abbreviated transcripts from those talks which have not been reviewed and approved by the authors. At the beginning of the meeting, Zivko Pregl, FEC [Federal Executive Council] vice chairman, lodged a mild protest that he was not given the floor in the meeting of the Slovenian Assembly, and he used the occasion to emphasize the importance of Prime Minister Markovic's visit, his good intentions, and his extremely sober and sensible speech, which Pregl's countrymen ought to study carefully. Jozef Skolc said at the beginning of the conversation that it was good to hear some different reflections about Slovenia's disassociation from Yugoslavia, which should be particularly emphasized in this meeting through an elaboration of Markovic's speech.

Tone Persak: I would like to present a few of my own impressions. I would allow myself at the outset an observation which I hope will not be taken too polemically, but still, Mr. Markovic said at the beginning that the process of democratization in Yugoslavia began somehow when his team took over. I think that this government should be given full credit for what it has done.

However, I would also say that Mr. Markovic has today once again set forth the thesis that what is happening in Yugoslavia and in general, indeed even in Slovenia, is in some way the consequence of the economic reform and of the crisis of that reform. Precisely because of what I said earlier and also because of certain historical facts, I see what has been happening in Slovenia as a kind of culmination of the process of Slovenian self-determination, and for that reason it should not by any means be related solely to the problem of the economic crisis in recent years and to the problem of the crisis of that reform. I must say that certain very decisive events in Yugoslavia occurred quite a few years before Mr. Markovic's government took office and raised those same problems at the economic level. That is the

problem, they are inciting you to create certain Slovenian public platforms, for example, the position of Slovenia in Yugoslavia which raised certain problems, even from the economic angle, even before that.

There is no doubt that Slovenia desires to be integrated into Europe, but it wants to be integrated into Europe as an independent entity, not as a part of some larger system in which it is anonymous. We imagine Europe as a Europe of peoples and regions, and so forth, and we want to function in that Europe as an independent national entity with our own independent identity.

Irreconcilable Opposites

I think that Yugoslavia's main problem is still and will remain the differences in culture, civilization, the economy, and so on; this is a system whose parts are by definition incompatible with one another and which cannot function in a single system. They can function only so long as the differences of those parts are essentially smothered by repression. Once that repression is removed, those differences come to the surface, and it seems to me that that system cannot function.

Emil Milan Pinta: Mr. Prime Minister, in your speech you gave an assessment which I am very much afraid might be accurate, that is, that in a period of three months the economy could be in a situation where we would speak about collapse, about atomization, about the system ceasing to function.

My question is this: Might we learn something about those measures with which it would be possible in the end to halt this car which is going downhill in economic development, calm down the economy, enter a new development cycle, regardless of what happens on this point—the relations between Yugoslavia and Slovenia? Thank you.

Joze Skolc: I am interested in whether the FEC is prepared to continue to regulate those affairs with Slovenia which are of interest to it and which it has gone furthest in formulating? After all, one of the problems which refuses to go away in Yugoslavia is that we behave like a kind of “convoy” in which we all have to travel in single file. That is, the question is whether it is possible to settle matters first with Slovenia, and then with Croatia, and when the conditions are right, then in some third place, that is, whether we can agree on a level of independence of which we in Slovenia think that at this moment we are capable, without this being detrimental to the other republics and Yugoslavia?

Content Determines Relations

Ante Markovic: At a time when every individual can buy as much foreign exchange as he wishes, if you tried to hold a plebiscite I would ask you what result would you have? Had we been able to continue that process of transformation, which got hung up on political blockades and, it is evident, exclusively on political blockades,

then its result would have been the kind of democratization of our society in which no federation would have survived. We never committed ourselves to the federation, even at the outset. Neither a modern federation nor one that was not modern. But we did commit ourselves to new relations that would arise out of a new system with new content. And we had no desire to give it a name. Accordingly, as far as we are concerned, we undertook the kind of reconstruction that is demanded by a completely new system. And I will go still further. Let me ask you, has the concept of privatization been victorious in your community? I beg you, according to the experience which I have, that is not the case. The pressures for statization are very much in evidence. Pressures to change the professional managers in factories through political channels are very much in evidence. And even in your community. And in the news media. Excuse me, but that is not the policy of this federal government. We have not been fighting and we are not fighting for the democratization of Yugoslavia just to replace it with internal states, republics, which take freedom and rights away from the citizens. And which negate local self-management and take away all the local resources! Excuse me, those are two concepts. So let us talk about that. What concept are you for? Is democracy a means whereby we take power, or is it something that has substance? There is a great difference there. If I have managed to understand what you have said, that is my attempt at an answer.

Integration, well fine, you want Slovenia's integration into Europe. Except that, you know what, it is like a marriage. Does Europe want Slovenia? I see a very pretty girl, I want her, but does she want me? That is exactly the way it is. How do you conceive it?

Peterle: Someone has to go first. (Laughter)

Markovic: Yes. Up to now Europe has said that it does not want anyone individually, it has said that clearly. So go ahead and try.

Can Slovenia even survive without the Yugoslav market? Indeed Slovenia, because it is more advanced, is more dependent on Yugoslavia. It will be harder for you to work it out, it is more difficult for you to get rid of Yugoslavia, to renounce Yugoslavia as a market, than it is for Serbia to get rid of Kosovo, were it not for the past, symbols, vanity, and so on. You cannot renounce the Yugoslav market so easily.

Peterle: But we do not want that.

Markovic: Perhaps, but you cannot have one without the other.

Peterle: And why not? (Laughter)

Markovic: Try it, if we can talk in those terms. Logic, the answer to one question, immediately poses another question and seeks another answer, and so on. You cannot have a unified Yugoslav market with your position on that market unless you accept the payment

system, unless there is a single currency, and so on. That is clear. Beyond that, excuse me, but as a matter of professional economics, those are illusions. That may be what you want. Fine, I would like to be a very rich man, but what I want is not the case. I can only dream. Accordingly, in this context you have to reflect on what that means. But aside from that, I will tell you something else; you know, a large proportion of the content of your exports comes from other parts of Yugoslavia. That is another characteristic which cannot be neglected. As for the question of economic policy and the collapse and the criticism which has been heard concerning the policy of the federal government, and now also of the republic government, it seems we have arrived at the same point. When I spoke today about collapse, I was talking about the real conditions in which we find ourselves. And the way out, then, is extremely clear. I did not mention a figure. We now have a blockade set up by Europe and the world. If these trends continue, Yugoslavia will this year have a net outflow of capital amounting to \$4.8 billion. A net outflow of capital? They can no longer rescue us. We are Romanianizing ourselves. We have no chance whatsoever without foreign support. And we were offered the kind of support which we could not have expected just a few months or a year ago. At this point, I can reveal something else. In April of last year I was in the European Community. We were in excellent shape. I told them at that time, you have to give us support, if not, there will be a period of crisis in this country, but they said no, you are in such colossal shape that you do not need any support. You should be giving support to others. They did not understand. Now they understand.

I was visited by an emissary of President Bush two days ago. I do not make every meeting public, the way some people do. I make a public announcement of only some of them. With a clear message. But fine, let us stick with the economic segment here. America is also willing to support us. We can now, we still have \$5 billion in foreign exchange reserves; when they hear that, they often still do not believe that we are in a crisis. Because neither the USSR, nor Hungary, nor Romania, nor Poland, nor all of them together have reserves of \$5 billion. Except at the same time none of them has accumulated a debt of \$12 billion to individuals. No one. At this moment, when individuals are seeking their foreign exchange, we are done for overnight. And yet they do not understand those differences. But they are ready to help us.

But as for the rearrangement of Yugoslavia and an agreement on cooperation: You know, I have already had to deny on several occasions that I made that statement about the convoy. If you would be so kind, please look first at what I said before using that statement which I made—I think it was at Brdo kod Kranja—when I was talking with the business executives. I would say that it has been absolutely distorted and exploited in that sense. I said that we are building a system not so that we would have a convoy in which the fastest would wait for the slowest, but that we are building a new system

that would drive the slowest to go at least as fast as the fastest. That is the opposite process. The system would have to be the driving force. And that is a part of the answer to that question which Skolc asked.

I have been trying to understand how such a system would function. I think there is no question at all that everyone can have his own opinion, but how is such a system to function. That is the problem. Purely pragmatically, professionally, technically, which certainly does not mean that various types of applications cannot be found. That is absolutely possible, but let us take another example, the simplest example, say, the monetary system, you either have it or you do not, you do not have two currencies, there is only one currency, that is precluded. And now, if you have a monetary system, then the consequences of that monetary system are well known. So now, within that framework differences be facilitated, I would say, especially in the case of setting up elements of the capital market and the security market and the money market, and there are, of course, many more things that can be done. And there is no obstacle at all to having the stock markets and other markets in various places.

But when it comes to recruits, as far as I am concerned, I would demilitarize them all, because it is obvious that countries that have been forced to do that because they lost the war and have no army have made the fastest progress. But you have to take the objective circumstances into account. One bloc has disappeared, but the disappearance of that bloc has neither removed NATO nor abolished it. The disappearance of one bloc has still not said that there will no longer be any blocs and it has not said that there is no new redistribution of strategic relations in the world. At this point, I, if that were the topic, could very quickly elaborate the point for you—from an analysis which we are doing—that a new redistribution is actually taking place.

Accordingly, one fond wish in this connection is probably unrealistic even now, but as for the possibility and the need to cut costs related to the Army, that is a view we take ourselves. But I spoke specifically about recruits in the speech which I made in the Assembly. Here, there are people here, let them tell you.

I have had solutions concerning recruitment in hand for several months. Is that not so, Jansa?

Marjan Podobnik: I speak somehow in the name of the Slovenian Peasant Alliance—an ethnic party. In connection with the answer which Mr. Markovic gave, I believe that the Slovenian decision was a decision in favor of full sovereignty, which, of course, does not preclude doing it in stages, but nevertheless full sovereignty, with all the attributes which you enumerated: money, customs, army, and so on. That was the decision of Slovenes and of the citizens of Slovenia, and anyone who interprets that decision differently has not been following that basic result of the plebiscite. I think that on these basic issues we should nevertheless speak frankly, precisely so

that we might arrive at specific agreements as to how to protect economic cooperation, which is in the interest of all, not just Slovenia, and also so that we agree about future cooperation among sovereign states.

I would ask this question: Can we anticipate that certain stands of foreign countries in connection with Yugoslavia's unity, which in my opinion is also related to the pictures which foreign countries get from the Yugoslav center, will not be used to stand in the way of Slovenia's becoming independent, which is the decision of the Slovenes and of the citizens of Slovenia?

Markovic: You know, the answer is very simple. Sovereignty, regardless whose it is, has to be recognized. It is the right of every state to decide whether it will recognize someone's sovereignty or not, that is international law. You can proclaim your sovereignty and no one may recognize it. Because that is your right to proclaim it, but it is the right of others not to recognize it. You cannot force others in their action.

Podobnik: You did not understand the question.

Markovic: Perhaps, perhaps, that may be so. Perhaps I do not understand Slovene well enough.

Podobnik: We expect that these stands of foreign countries concerning Yugoslavia's unity, which in my opinion are related more to the representation of Yugoslavia which they get from the center, from Belgrade, will not be misused by the Federal Executive Council and other federal bodies and agencies in such a way that they would impede Slovenia from becoming independent.

Spomenka Hribar: So, we have heard two concepts, logical, consistent, but the question is one of legitimacy. Yugoslavia is no longer a legitimate state. So long as people and the nationalities and individuals believed in it, so long as they considered it a common state, up to that point it was legitimate. The less of that kind of confidence there has been, the larger the gap has been between legitimacy and legality.

Today, when Yugoslavia is no longer legitimate, because Mr. Prime Minister does not consent to that, a very unpleasant cynicism arises from it. As I see it, this is very insulting not only to the Slovenian plebiscite, but certain statements which are unacceptable to me are also insulting, but I can understand them from the context of the completely consistent ideology which he has been presenting here.

Nevertheless, Yugoslavia cannot survive. It is also interesting that Mr. Markovic is actually wielding his authority on the basis of various telephone conversations, on the basis of arguments which have come and which are coming from outside, and not on the basis of the arguments which are here, because those should also be the arguments of Slovenia, if this is supposed to be a joint state. So I would say that Yugoslavia and this ideology of a unified or joint state of Yugoslavia is being

transformed more and more into utopia, and utopias are what have done the most evil to people in the history of the human race.

Janez Jansa: Mr. Prime Minister, a little while ago you said in jest that we had spent a great deal of money on defense and that by and large things start there, that we should first clear that up. Slightly more than 2 billion dinars are earmarked for defense this year in Slovenia's republic budget. You asked us for 15 billion dinars for the federal Army for this year. More than fivefold as much, which is not, of course, in keeping with what you said a little while ago. Those are the figures, those are the figures concerning the share which Slovenia has up to now been paying into the federal budget, except that this year Slovenia has already given for the federal Army approximately as much as it appropriated for its own defense. A bit less than 2 billion dinars.

Tone Anderlic: It is obvious that positional warfare and seeing who will hold out the longest are no longer successful and will not be successful in the future. It is a fact that in coming days something will happen here and it will accordingly be necessary—I think that today is a good occasion for this—for us to pour some pure wine and to state from what positions we want to conduct negotiations or from what conditions we are willing to do so. I am extremely sorry that as a practical matter these negotiations have not yet begun—at least so it appears today.

Markovic: I will answer very briefly. It is possible, it is quite certainly possible to talk, but if we are to seek new solutions, then they must be appropriate to the entire system. It is impossible, for instance, when we talk about the monetary sphere, for us to adopt, say, one procedure that would be voluntaristically replaced by another voluntaristic procedure. We will not get anywhere that way. If selective credits of one kind are replaced by selective credits of another kind, we have not done anything. We take the view that selective credits should be abolished and we should undertake proper operations on the money and securities market as an open market. And then it is logical, in my opinion, for an economy that has better positions on the market, which is more advanced, which has a better standing on the world market, to possess a larger quantity of quality paper with which it can go to the open market, and it would be that market, which is what we want, that would then make the distribution on the basis of the business and the quality of that business, not on the basis of someone's decision. I never thought there was anything to the idea that I am more intelligent than the market.

And now just a brief comment, although the question was put to Mr. Peterle, not to me. If this is the answer to your question, then I am afraid that we are headed for the kind of blockade which will end in catastrophe. If that is the case, because that will block the entire system. I simply cannot believe, I cannot believe that realistic and sensible people in Slovenia want overnight to block relations with something that is not appropriate to them.

And that is what will result. For instance, one tiny detail for me to mention in all this, and yet it is an extremely big thing: having your own currency.

[Box, p 16]

I Will Furnish the Aid

Vane Gosnik: Mr. Prime Minister, I have three brief questions. You said today in the Assembly that the disassociation of Slovenia was possible in two ways: either peacefully, which, of course, presupposes that we do not adopt any decisive acts before 26 June, but that that process will last a long time, several years, and the other way, which you referred to as violence. I am interested in what you mean by that; that is, Slovenia certainly is not willing to disassociate from the rest of Yugoslavia by violence, because it is neither capable of that, nor does it want to do it. Did you mean something else by that than that Slovenia would attempt to do that by violent means?

Second, I would like to hear your comment on the envisaged amendment of the Nichols law, that is, the amendment where the United States would offer separate aid, including military aid, to the various parts of Yugoslavia, that is, even to the various republics.

The third question is very pragmatic: Essentially, it concerns your evening conversations with the government, but still allow me to ask it: What does the FEC think of doing tomorrow in connection with customs in Slovenia? Thank you.

Markovic: As for the Nichols amendment, I will read to you my conversation with Bush. You know, when I spoke about differences, about disassociation and secession, I was not speaking from our viewpoint. Excuse me, do not get me wrong, I do not mean that this came from you. You are the originator of that expression "disassociation," and I have already heard explanations several times from several of your officials, especially President Kucan, that disassociation is not secession, and we have read your documents and that is how we understood them. If disassociation is not secession, then explain to us what disassociation is.

The question arises of your political steps, how to get Prime Minister Markovic's program going again. So, at the end of this program and encouraged by the joint declaration of Chancellor Kohl and President Mitterrand of the French Republic, Mr. Santer and I are ready to attempt to furnish (so the expression goes) financial resources that will help to modernize and rescue the Yugoslav economy.

Yugoslavia Exists

Stane Brovet: I first want to emphasize only the fact that there is no doubt that Yugoslavia exists. Yugoslavia, then, undoubtedly still exists. For the present, still as a federal state and a recognized international entity. So

long as the federal authorities, including the YPA [Yugoslav People's Army], still exist, the federal state and laws should be respected, of course, until we agree to change them. The YPA will not intervene nor has it meddled in political agreements concerning the future arrangement of Yugoslavia, and it will respect the will of the people and their system. Until there is a future arrangement of Yugoslavia. In that framework, of course. And until there is a future arrangement of defense. Until then, neither I nor any of us have a mandate to talk about changing the constitutional role of the YPA. I can talk today only about the problem of recruits from Slovenia. Because quite a bit has already been said about that problem, I would only mention that this is a serious question, because failure to carry out the Constitution and the federal law on military obligation and the underdelivery of recruits from Slovenia to the YPA not only results in unequal rights of citizens and a change in the constitutional character of the YPA, but it jeopardizes the very existence of the YPA as the joint armed forces. We must be aware of that so that we can objectively evaluate the possible consequences of this problem of the recruits.

That is, if the YPA disintegrates, a situation about which Mr. Jansa talks with such satisfaction, it is likely that there would be disagreeable conflict situations in the state and conflicts between the republic and national armies with tragic consequences, which it would be smart to prevent. That is why the Federal Executive Council, as Comrade Prime Minister has already said, has been trying for a long time, and so has the Federal Secretariat for National Defense, to solve this problem in a peaceful manner without conflicts.

Unfortunately, these efforts have not been successful. And how are federal authorities supposed to respect the laws and enactments? Once again we recommend to the Slovenian Assembly that it reassess its positions in this area concerning recruits so that this problem is solved in a peaceful way.

After all, other ways of resolving this problem are certainly not rational and are not in the interests of the Slovenian people, nor in the interests of its commitment to independence, nor are they in the interests of the Yugoslav People's Army. Precisely the opposite. When no one denies the right of the Slovenian people to commit themselves to independence and the process of secession, in a manner without conflict, of course, then why not choose that road? Why intentionally create conflict, conflict situations with the Army, which could have tragic consequences? That is not sensible, nor is it well intentioned.

Slovenia has no need, nor do individuals, to try to create in this way the impression that Slovenia is being driven out of Yugoslavia, because the road to legal disassociation by agreement has been recognized and is open.

Macedonian Dilemmas on Referendum, Secession

91BA0849A Belgrade BORBA in Serbo-Croatian
19 Jun 91 p 3

[Article by Nenad Batkoski: "The Referendum Is Not Ready Yet: Will Macedonia Follow in the Footsteps of Slovenia and Croatia After 27 June?"—first paragraph is BORBA introduction]

[Text] In Macedonia, uncertainty still prevails with respect to the possible scheduling of a referendum on independence, both because of individual parties' different views on disassociation, and also because of uncertainty about what disassociation will bring to the other republics

Skopje—As 26 June approaches, the day when the citizens of Slovenia will take a stand on their possible disassociation from Yugoslavia, and a similar step is also expected in Croatia, the question of what Macedonia ought to do is becoming more and more urgent.

With the exception of certain parties, although not insignificant ones, particularly those in the so-called national front like VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity], which has the most deputies in parliament, so far Macedonia has not expressed any fervent desire for secession. It would be more accurate to say that the Macedonian leadership, whether it would want to admit this or not, has abandoned itself to the waves of events on the Yugoslav scene, just as it has turned out that the arguments cited by the republic's political forces advocating disassociation are continuing to become stronger. At the last meeting of parliament, VMRO-DPMNE deputy Mitko Anastasovski, during the discussion of the platform that they offered, told Yugoslav republic leaders Kiro Gligorov and Alija Izetbegovic that his party would only support a platform whose basic idea was an independent Macedonia. The support given to the platform by an enormous majority of votes in the Macedonian Assembly can also be considered support for Yugoslavia, but all of it can be called conditional support, if the Yugoslav negotiators accept the platform and conclude an agreement.

Transitional Period

For the time being, it is not known what the legal and practical consequences of the announced referendum in Slovenia will be, whether it will mean that Slovenia has seceded/separated from Yugoslavia, or whether this document, which has great significance in state legal theory and history, will be viewed at this time like all the other documents that have been adopted in the northwestern republics.

Secession, in order to be carried out in a reasonable manner, implies balance sheets for dividing things up, and a transitional period, and various forms of compensation from the republics that have separated to the

republics that remain, just as the opposite, mutual disassociation between the former "federal" authorities and the future independent states, implies what will be common to the future states during the transitional period, and so forth. Consequently, these are dramatic issues which will not only cause political problems among the republics, but also bring many difficulties for the citizens themselves, economies, etc.

Republic President Kiro Gligorov, who has recently given several major interviews to many Yugoslav newspapers and foreign journalists, and is very directly and actively involved in the Yugoslav negotiations, is an optimist, or, as he says of himself, "an optimist whose starting point is reality." In his last speech before the Macedonian deputies, talking about the impending referendums in Slovenia and Croatia, he expressed the hope that they would leave room for a mutual agreement on a future community. Ljupco Georgievski, the leader of the VMRO-DPMNE party which is demanding that Macedonia decide what will happen after 27 June, now and at once, and who also holds the office of republic vice president, stated, even though his speech aroused turbulent indignation, that "Macedonia still does not know what it wants," and condemned the silence of all the organizations in Macedonia. Georgievski thinks that it is only in Macedonia that there are still people who believe in and support Yugoslavia, and that this will still be an illusion that will cost dearly. In his last polemical letter to NOVA MAKEDONIJA, Georgievski says that every Yugoslav alternative is a "Serb-glorifying" one, leading to denationalization of the Macedonian people. Similar ideas were also presented in a brochure by this party's ideologue, Dragan Bogdanovski, a former political emigre, who urges that Slovenia and Croatia, together with Macedonia, use all possible means to fight for the destruction of Yugoslavia.

There are also many opponents of such definitions of wartime and postwar Yugoslav history, which, although they do not adorn it with superlatives, they nevertheless interpret as a period in which the Macedonian nation and state gained recognition, and built numerous state, political, and cultural institutions.

Can Macedonia Be on Its Own?

Naturally, the unavoidable question is what will happen to Macedonia if it disassociates. There are many people who feel that the old Balkan spirits and appetites for Macedonia, this time in addition to those from Bulgaria and Greece, as well as those that have recently not been concealed in Serbia, would also appear among the Albanians in Macedonia and in neighboring Albania. These political forces, among which we could count the so-called leftist parties—the Social-Democratic Alliance, the Alliance of Reformist Forces, the Social-Democratic Party, and others—are raising the question of who Macedonia would cooperate with on the political, economic, and other levels in such an environment, with various nuances, but it seems that they nevertheless see Yugoslavia as an "alliance of sovereign states." The

Party of Democratic Prosperity, as the party of the Albanians in Macedonia, is avoiding openly taking a stand on these issues, but it is unambiguously voicing a position that is similar to that of the VMRO-DPMNE, i.e., that Macedonia should be independent if Slovenia or Croatia or some other republic separates from Yugoslavia, with clear aspirations of not defining Albanians as a nationality in that state, but rather of their having the status of a people. Among our Balkan neighbors, Greece and Serbia have not yet taken a stand on these issues. There is fear, because the speeches of official Serbian leaders or the speeches of the opposition political parties of certain public officials and historians mention the old days, when Serbia dominated Macedonia. Milosevic, by not coming to the talks in Macedonia and also by leaving for talks in Greece, increased Macedonians' anxiety even more. Bulgaria has clearly stated that it does not have anything against Macedonia's possible independence, but apparently the Macedonian leadership's contacts with neighboring Albania in other areas as well have been increasingly closer. In Macedonia, the borders are increasingly being opened with Macedonia's "West"—Albania.

The critics of a "secure Macedonia only within the Yugoslav framework" among the ranks of the national parties say that even in the Balkans the civilizing processes that are under way in Europe are forthcoming, and that Macedonia has to talk and have open borders with all of its neighbors. They claim that all those who think that Yugoslavia is the only secure protector of Macedonia actually doubt the possibility of its independent national and economic existence, which, in their opinion, comes back to the thesis that Macedonia is an artificial creation, and that the Macedonian nation is a nation established by fiat.

Valid economic analyses of what would be meant by Macedonia's continuing to remain in the Yugoslav economic community, or its independent existence, have not been made, among other things because the government was sharply criticized at the last meeting of the Macedonian parliament. Some studies, however, confirm that if our neighbors' borders were closed, in spite of our desires, the economic consequences would be hard for Macedonia.

Macedonia is therefore waiting, because of the positions and different views on a possible disassociation within the republic itself, and because it is not known what is meant and what will result from the disassociation of the other Yugoslav republics, which for the time being still seems like a decision that will only be made on paper. The Macedonian referendum seems to have given in to this wait-and-see attitude. It is being stressed that the preparations for a referendum have not been completed, and if it were to take place, it is not known exactly how the question would be phrased in it.

Situation of Croats in Bosnia Reviewed

91BA0846A Zagreb VJESNIK in Serbo-Croatian
16 Jun 91 p 6

[Interview with Stjepan Kljuic, president of the Croatian Democratic Community for Bosnia-Herzegovina and member of the Bosnia-Herzegovina Presidency, by Ivica Nasic; place and date not given: "Kljuic: There Can Be No Sovereign Bosnia-Herzegovina While the Chetniks Are Marching"]

[Text] The attention of the broad public has been concentrated in recent days on B-H [Bosnia-Herzegovina]. We spoke about the political and other ferment in our central republic with Stjepan Kljuic, president of the HDZ [Croatian Democratic Community] for B-H and a member of the B-H Presidency.

[Nasic] The political and economic situation in B-H is far from the program announced by the HDZ and the promises made in the election campaign.

[Kljuic] It was our party's desire to make of B-H a Switzerland in its ethnic arrangement and a law-governed state like Austria. Unfortunately, we were obstructed from doing a great deal of that. We should have, but did not, replace personnel and install the most able people from all the nationalities, we should have established human freedoms and democratic life, we should have achieved ethnic parity—and beyond that, particular protection to Croat interests, which are disastrously threatened.

[Nasic] Threatened....

[Kljuic] At all levels. Of the 60 supervisory personnel of the Ministry of Jurisprudence, for example, only two are Croats, and that is how it is at the top level of the republic's political life. The number of Croats in the government administration, the police, the army, education, and health—that is, throughout the entire complex of public areas in which a living is most certain—is not in proportion to their population in B-H.

Croats Like To Enroll in the Police

[Nasic] The last population census showed that there was a drop in the number of Croats in B-H.

[Kljuic] Ten years ago, Croats represented 18.3 percent of the B-H population, and now it is 17.8 percent. This indicates the effect of anti-Croatism and politics in B-H. Our programmatic task is to halt the exodus. This can be done, first of all, by creating those economic conditions that would make it possible for our emigres to move back, and at the same time by opening up space to what are called attractive occupations. The police, for example. Today, we have a situation where Croats are glad to enroll in the police. They would probably enroll in the Army as well. We have to create the opportunity for the doors of high administrative institutions to be opened to Croats. In that way, we will be realizing our interests and offering young people of Croat nationality

an opportunity to find themselves in many occupations. Certainly, attention should be paid to the fact that Croats in B-H have the highest percentage of university-trained people.

[Nasic] You said at one time that B-H would have a ministry for emigres.

[Kljuic] That is something this republic absolutely needs. An enormous number of Croats have left B-H for all the countries in the world. Their interests and ties with their homeland are represented feebly or not at all. I would even say that the Matica [Institution for Nurturing National Culture] of Emigres from B-H contributed to the exodus. For the present, we are using the Ministry of the Emigre Community of the Republic of Croatia to maintain contact with Bosnia-Herzegovina emigres and for everything that is important to both sides.

The Arrogant Postures of the Communists

[Nasic] Social unrest is shaking B-H ever more fiercely.

[Kljuic] Our position was that we would solve the economic problem by replacing some of the socialist errors—the sooty faces of the toilers and the smokestacks—with modern technology, and that Zenica, Vares, and Ljubija must never be what they had been. But we got caught at odds. We should have formed an agency for restructuring the economy. It certainly would have given us guidelines as to where, how, and what should be done. I personally see no justification for the various strikes. Most of the workers are shouting the slogan "Give us our pay." They are not seeking an opportunity to work and to earn money. Socialism has taught them that they should have a salary, and they do not ask whether they have earned it or whether they have produced a quality product and it has been sold. The postures of the Communists in that regard are particularly arrogant. We thought that they had brought in new blood and replaced those compromised personnel. Unfortunately, even when these young people have doctoral degrees they do not renounced their loafing. They say that they turned stability over to us. What kind of stability was that, when two years ago it was learned that Zenica had no future? The Communists offer brotherhood and unity, but these ethnic and social conflicts have in fact occurred because they did not perform the two basic tasks for which they came to power—social justice and economic justice.

[Nasic] Those are not the only discordant tones in the everyday life of B-H.

[Kljuic] When we formed the partnership of three nationalities in the B-H government, we said at the outset that we would not outvote one another. But the SDS [Serbian Democratic Party] did not keep that promise and did not fulfill the conditions on which the partnership was based. In fact, its behavior is utterly outside the agreement. We are aware that it is easy to get people up in arms. But they have to be led. We are destined to live alongside one another and with one

another. In that respect, the HDZ has not contributed in the least to the aggravation of this situation. Nevertheless, we are constantly exposed to the charges that we are Ustashi, and so on.

The Provocation With the Marticites

[Nosic] Incidents, regardless of whether we are talking about the incursion of Martić's police into Drvar, the smuggling of weapons, or the outvoting of one political party by another in the B-H Assembly, are becoming a part of the everyday life of our central republic.

[Ključic] B-H is truly an area of crisis today. It has taken many people's efforts and scenarios to bring that about. The SDS deserves quite a bit of the "credit" for that; with its aggressive policy, it has aggravated things to the point where it has given preference to the most extreme elements in its ranks, at least when it comes to those in the field. What is worse, no one has any control over them. Thus, Chetniks are marching in B-H, but not as a Chetnik organization, but within the framework of the SDS. The case with the Marticites in Drvar is a story to itself. This is not just arrogance, but something much worse. This was an outright provocation. In actuality, it was a most flagrant attack on the sovereignty of B-H. If this republic wants to be governed by law, and it does and must, then in the future it will be forced to defend itself by every available means against all illegal and illegitimate acts regardless of who commits them.

[Nosic] It follows from what you say that B-H is not a law-governed state?

[Ključic] As a matter of fact, B-H is not a law-governed state, and lawlessness prevails in some of its areas. This is a gloomy truth which has to be acknowledged.

[Nosic] What are the relations between the HDZ for B-H and the SDA [Democratic Action Party]?

[Ključic] Our contact with the Muslims is a spontaneous one. It is above all a question of common interests, but not of a coalition. The people in the field are much more spontaneous than Mr. Izetbegovic and I. I personally respect President Izetbegovic. He is an exceptional person, and I perceive him as the father of modern B-H. When the SDS and its leaders imposed that attitude, which was so incorrect and was particularly manifested in the proceedings of the B-H Assembly and in what is referred to as regionalization, there was nothing left for us but to seek a way of breaking the logjam in parliamentary life, especially because in that context there was an entire chain of social upheavals caused by the difficult situation. We have data to the effect that very destructive organizations of former and present Communists, reformers, especially the League of Communists—Movement for Yugoslavia, and certain other structures want to create chaos.

[Nosic] What are the next steps of the HDZ for B-H?

[Ključic] We will never again give up the freedoms that have been won in the ethnic area. We will insist to the maximum on total equality in the use of our written and spoken language. There can be no equality of the written language until there is equality of the spoken language as well. It is a unitaristic trick to offer the Latin script and the Serbian language, as is the case in the Army, the diplomatic corps, federal institutions, and so on. We will also fight to determine for ourselves what things from the cultural legacy of the Croats should be inserted into school syllabi. We will demand bilingual signs in public institutions and full freedom of cultural activity over the entire territory of B-H. We are demanding all of this for ourselves, but we are offering it to all others as well. We see this as a guarantee of life together.

The Media in B-H Are Anti-Croat

[Nosic] You often refer to "squared accounts."

[Ključic] Above all in the economy. If someone in Listica, say, wants international credit, let the opština issue a guarantee that he will repay the money. We can no longer allow Montenegro to take credit and have the Federation pay it back, as has been the case up to now.

[Nosic] Alija Delimustafic, B-H minister of internal affairs, has classified you among those party leaders who "interfere" with his job.

[Ključic] Certain newspapers and journalists have attributed to me credit for things I never did. For instance, I am supposed to be a man who intervened to get someone released from prison. I am not the one who released those charged from accountability, and I do not know that anyone in the HDZ gave money for that kind of intervention. I did not even know that we had anyone in prison, nor did I get such people out of prison. We have a strong team of lawyers and for certain people we would assign five lawyers to seek and find a legal remedy. But that charge against me is only a part of the campaign being conducted against the HDZ for B-H and against me personally.

[Nosic] You have frequently made accusations against the media.

[Ključic] The news media in B-H are markedly anti-Croat. And the few Croats in the media are mainly unitarists. Our offer was that the supervisory personnel in the news media, who were appointed by the Socialist Alliance—which they have blindly served—submit resignations. We would replace them with modern journalists who are democrats. In various ways, that replacement has been ducked and postponed. And today the HDZ is exposed to a great campaign for what the SDS has been doing. Nor have the news media outside the republic, including even VJESNIK, been helping us to explain our programmatic tasks. In Croatia, we have Croatian TV, VECERNJI LIST, and Croatian radio to some extent.

[Nosic] You also addressed some caustic words to the Academy of Arts and Sciences of B-H.

[Kljuic] It is that academy that has been giving us unitaristic Croats with no creative abilities. The greatest Croat intellectuals and writers in B-H, like the late Vitomir Lukic and Vuletic, are not members of the academy. That attitude is not confined to Croats. The Academy of Sciences of B-H was not open to Mak Dizdar, nor Mersad Berber, nor the late Prof. Kasim Prohic and many others. We will never recognize such an academy as our own. They will never again elect to it Croats of whom they make fun. It is certain that the name of the late Vitomir Lukic will be more in evidence and written in larger letters in the cultural legacy of B-H than that of most of the members now sitting in that academy.

[Nosic] The HDZ for B-H and you, personally, are reproached for following exclusively directives received from the "central headquarters" in Zagreb.

[Kljuic] We are members of the same party and of the entire worldwide HDZ; we are fighting for the interests of all Croats wherever Croats live and are politically organized. In B-H, however, we represent an independent political factor. I must in fact boast that the people in Zagreb have never told us how to behave. As a matter of fact, we have displayed exceptional reflexes in certain crisis situations. They never could have been carried out if we had been waiting for political instructions. The most important thing is that peacefulness and a democratic spirit are the common denominator in the entire policy of the HDZ. Perhaps it is a good illustration of the level of organization of the HDZ for B-H that in six opstinas in which Croats are not a majority in the population, for example, in Zepce, Fojnica, Travnik, Kotor-Varos, Bugojno, and Stolac, we have no disagreements whatsoever. And it is also noticeable that there are none where Croats live. That is something that has to be appreciated.

[Nosic] As many people see it, the Government of B-H has done what it promised over the last five months?

[Kljuic] When everything is taken into account, the government has had barely five days of peace. Unfortunately, it has not been effective over the entire area after the regionalization and the banditry which has prevailed in eastern Hercegovina and the Krajina. Today, we are not safe over the entire territory of B-H. Only two roads are passable through the valleys of the Neretva and the Bosna. We know who is initiating all that ferment. We do not have an honest press to publish and explain this to the people. After all, if the unrest were objectivized, then Raif Dizdarevic and the Movement for Yugoslavia would be on the run, not the government.

The Most Consistent Program

[Nosic] How about your personal safety?

[Kljuic] I make no secret of it that I have spent half my nights in the last four months underground.

[Nosic] What is your comment on the platform of Alija Izetbegovic and Kiro Gligorov?

[Kljuic] In the present situation, when the options of the federation and confederation are in a head-to-head confrontation, and life and the various nationalities are before us, that platform is a *modus vivendi* that could solve a number of problems for our community. If that option should be adopted, I am profoundly convinced that in two years we would achieve prosperity. The platform could instill a life even though it does not fit into certain theoretical conceptions about the way a state should be organized. The most important thing is whether there will be an agreement among the republics and whether instruments will be found to guarantee that the decisions are carried out. After all, our experience of history teaches us that no decision in Yugoslavia has ever been respected. I am thinking here of a negative continuity which goes all the way back to 1918.

[Nosic] You recently spoke to President Tudjman alone.

[Kljuic] I familiarized President Tudjman with the platform of the HDZ for B-H with a view to future talks. Our positions are completely clear. We in B-H want a life together, but under certain conditions. Everything about which we spoke in the election campaign we advocate even today, and it is a reflection of continuity. I think that the HDZ for B-H has had the most consistent program. Not only is it acceptable to us Croats in Herceg-Bosnia, but it honors the really authentic interests of the other nationalities in B-H. What the Croats in B-H want and offer is equality, the same things for us as for others. And also the arrangement of a law-governed state.

Decreased Trade With USSR Deplored

91BA0847A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 17 Jun 91 pp 27-28

[Article by Davorka Zmijarevic: "Yugoslavia-USSR: Trade in Empty Accounts"]

[Text] The decline of trade with what used to be the bilateral payments region and with the Soviet Union in particular, which for many years was among the Yugoslav economy's largest foreign trading partners, is one of the reasons for the crisis in which Yugoslav industry has found itself this year. The occasion for our article on this topic is the recent visit of Soviet Prime Minister Valentin Pavlov, who has joined Prime Minister Ante Markovic in trying to find a solution for the collapse of trade between the two countries. We also wanted to show the proportions of its significance to the Yugoslav economy in past decades and today. However, changes in the USSR itself certainly cannot be neglected when one examines that segment of the Yugoslav economy which has been and still is bound to that market, and an article is devoted to that in our section "The World."

About 4 million pairs of shoes are waiting in the warehouses of domestic shoe manufacturers to be delivered to customers in the USSR, and they probably have no great hope any longer that those 13 million pairs noted down in this year's trade protocol between the two countries will be delivered and sold by the end of the year. The pharmaceutical industry is also waiting to collect about \$60 million for drugs delivered; \$200 million worth of equipment which was supposed to be contracted for under the protocol is altogether uncertain; of the \$1.35 billion which the Yugoslav shipbuilding industry was to contract for in this five-year period for deliveries within that period, the only contract outstanding at present is to build a dock worth \$125 million and the promise that the job will be paid for in hard currency.

The market of the Soviet Union, which until just two years ago was like home itself for Yugoslav exporters, is more and more becoming a lost country which they no longer recognize. With good reason.

The volume of trade was planned for this year, following a lengthy tradition between these two partners, at an intergovernmental level of \$3.2 billion (half of what it was last year). The difference is that this year the commodity lists are referred to as indicative and actually impose no obligation on Soviet enterprises. Yugoslav exports were envisaged at the level of \$1.69 billion, and imports at \$1.51 billion, and payment was to be in convertible currency. Aside from that trade, asserted to be "the interest of the state," enterprises are free to conclude contracts, make payments, and engage in trade according to their own interest.

However, first, concluding the contracts and then performing them are far from what has been agreed between the governments. Up to now, contracts have been concluded at the level of 60 percent of the value of trade envisaged by the protocol (67 percent for exports from Yugoslavia and 48 percent for imports from the USSR). It is still worse when we look at transactions completed: Of the Yugoslav exports on the indicative lists for this year, goods have been delivered in the first four months amounting to \$130 million, which is 7.8 percent of what was envisaged, and imports have amounted to \$439 million, and exports under the liquidation account have not even begun yet.

Soviet prime minister Valentin Pavlov listened to all this in Belgrade the weekend before last on a friendly, but "working" visit. The visit was concluded with a pro memoria bearing his and Ante Markovic's signatures and stating that a new agreement would be adopted on payments mechanisms between Yugoslavia and the USSR. It has thus turned out that the transition to normal convertible trade is obviously more difficult than was assumed when the decision was made last year to take that step, first on the Soviet side, and then accepted by the Yugoslav side.

Although no specific promise was made about changing payments, except that barter arrangements would be facilitated in the second half of the year, we can assume that between good old socialist partners the time-tested "step backward" will be taken, but it need not be followed by those "two steps forward."

An additional reason for this possible return to noncash trade lies in the fact that neither country has an abundance of hard currency with which to pay for its purchases in the other country. The problem is very critical in the USSR, which in recent months has had ever greater difficulty paying even its Western suppliers, although up to now it has had the reputation of a very prompt customer, usually paying for its purchases within 30 days. The shortage of foreign exchange is also the reason why contracts are not being concluded with Yugoslav suppliers. But some of the erosion of Yugoslav credibility has carried over even to this trade, in that letters of credit accompanied by confirmation from some foreign bank are being required of customers for petroleum deliveries as a guarantee that the petroleum will in fact be paid for. Soviet customers are also beginning to dictate prices and sales terms even when it comes to old contracts and long-term transactions.

The market is certainly no longer what it was. Yugoslav producers, however, are reacting in the only way they know how: with surprise and by appealing to the state, criticizing the federal government for having hastily and "without a transition" period altered the conditions for business on which a large segment of Yugoslav industry was built. Another major reason for the decline of production which has hit Yugoslav industry this year is the decline of trade with the former bilateral payments region, and the federal government acknowledges this, but the crisis that is rumbling through many enterprises in the country is a direct consequence of changes on that market. Nevertheless, from at least a sizable segment of the economy and its largest association of the Economic Chamber of Yugoslavia, one might have expected a more constructive reaction arising out of the awareness that for decades a segment of industry has been living on the artificially fertile humus of bilateral payments and that someone must pay the price for that unnatural shelter from real relations. In the Economic Chamber of Yugoslavia, however, they say that "barter should not be abandoned in mutual trade," and then that "the possibility is being studied of a long-term intergovernmental arrangement for employment of Yugoslav enterprises on the reconstruction and revitalization of installations and equipment for exploitation and refining of petroleum and gas as well as facilities in the chemical industry and other industries."

What this loses sight of is the degree of acceptability of these solutions to the other side. One of the largest trading partners of the Yugoslav economy appears to be an almost unknown country for business executives themselves and their institutions. The USSR needs hard currency more than it needs Yugoslav shoes, and they themselves, if they want to buy, must prepare cash or

credit denominated in foreign exchange. The fact that they do not have foreign exchange or do not have dinars to make those purchases is another problem. Will the reintroduction or facilitation of barter deals stimulate trade and thereby production, as Yugoslav enterprises hope? Hardly, because even last year, when the transitional regime was in effect and exporters were paid as much as importers deposited in the account in the National Bank of Yugoslavia, the situation was not essentially different. Collection was actually made for only a third of exports, because there were no imports. The problem of imports was not foremost at that time, but it will be as soon as the search begins to be made for products in the USSR whose purchases would balance the exports to which Yugoslav enterprises aspire. The only export sector in that country, petroleum and raw energy supplies, which accounts for 80 percent of exports, is now being used only to earn convertible currencies (as was in fact confirmed by Pavlov in Belgrade); what is more, its production is down. Other products which might be bartered for Yugoslav goods are few in number and small in quantity. It would seem that placing hopes on the new mechanisms announced for payments between enterprises in these two countries will amount to nothing more than an extension of the old illusion that the state as such ought to oversee and protect business transactions against changes on the market.

Whereas last year the federal state altered its course and exposed the economy to the influence of reality, the republic states, just like the economy itself, did not get the message. This year, two republics have concluded arrangements with Soviet trading partners at the expense of their own economy: Serbia with the Russian Federation, precisely on the principles which that kind of economy would like (bilateral payments), and Croatia with the Ukraine. The latter will be doing business in convertible currency, but no one knows what goods will be involved.

Rumors on Possible Dinar Devaluation

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[Article by Andrija Colak, Belgrade: "Federal Executive Council: Devaluation Would Be Only an Accounting Operation"]

[Text] There are no longer any safe deposit boxes available in Belgrade banks. That news item would not deserve any particular attention if it were not in a cause-and-effect relationship with what is happening on our foreign exchange market. Whereas in recent months individuals have withdrawn everything from their foreign exchange savings accounts that they could, and the banks have fallen to only \$170 million in their own accounts, it is approximately estimated that more than \$4 billion have moved to "safekeeping under the mattress or in a sock." The story goes that certain East European "tourists," knowing that savings of foreign

exchange are being kept at home, have chosen a lucrative profession—in the morning, while people are at work, they break into dwellings and take only the foreign currency, and in the afternoon they sell it on the black market for foreign exchange, at the market rate, of course. This has left individuals no other choice than to return their foreign exchange to the banks, but this time into safe deposit boxes. And that is the reason why all the safe deposit boxes in Belgrade banks have been snatched up over the last two months.

The Bankers Are Proposing a Free Rate of Exchange

And while perhaps as much as \$1 billion have thus been idled in the darkness of safe deposit boxes, business executives warned a few days ago at a meeting in the Economic Chamber of Yugoslavia that the Yugoslav economy is in a foreign exchange collapse which is not allowing even its sound segments to develop business transactions. The hunger for foreign exchange has reached a point where certain smaller banks have decided to set their own exchange rate, as a rule higher than the official rate, in hopes of attracting foreign exchange from individuals in this way, and Milos Milosavljevic, director of Jugobanka, is proposing to the government that it give up the official exchange rate of the dinar and allow bankers to set their own, each according to his own needs and however the market decides. All of this indicates that devaluation in one way or another is knocking on the door once again and that the recent change in the exchange rate of the dinar against the German mark has actually not changed anything.

Unrealistic "Gloom"

Today, the dinar is being quoted on its own market at a rate almost 50 percent below the official rate. At the meeting in the Economic Chamber of Yugoslavia which we mentioned, however, business executives judged that the official exchange rate of the dinar is realistic and does at the moment correspond to its nominal value, but its objective value is being undercut by the exchange rate on the black market, which is not realistic, but is an expression of public lack of confidence. If we assume that this assertion is correct, then the idea of the Jugobanka director makes some sense, because if the exchange rate were set freely on the basis of supply and demand, the domestic country would also float into realistic waters very quickly. But the big question is how to do that under circumstances which are not at all favorable to that idea? The lack of public confidence in the safety of the banks has grown to such a point in recent months that it is difficult to anticipate any change overnight. Thus, we are now witnesses of an extremely paradoxical situation: The official exchange rate of the dinar is proclaimed to be realistic from the most authoritative sources, but its actual price is far below that. After the 30 April devaluation, the dinar was again on the exchange rate listings of almost all the foreign banks where it was quoted last year. At the end of May, it was

being quoted quite solidly on those exchange rate listings, more accurately, close to the Yugoslav rate, except that differences between the buying and selling rate were somewhat larger than earlier. In Viennese banks, for example, the buying rate ranged between 13.51 and 13.89, while the selling rate was between 16.13 and 18.52 for the German mark.

There Ought Not To Be a Devaluation

When asked about a possible new devaluation, the people in the FEC [Federal Executive Council] give the answer one would expect. A new devaluation would not bring anything new, because under these circumstances it would be an ordinary accounting operation which essentially does not change anything except open up the road to hyperinflation. The way out certainly lies in

activating the several billion dollars now held by individuals, but that requires first restoring their confidence in foreign exchange savings or offering them attractive conditions for the purchase of their foreign currencies. The bankers are giving this a lot of thought, and one of the decisive elements ought to be a decision that would guarantee the servicing of foreign exchange savings. If they were successful in that, reflections about devaluation would have a more realistic basis. At this moment, we can forecast with quite a bit of confidence that there still will not be a devaluation, at least in the next two months. If by some chance it should occur, then it would either have been forced, which the FEC certainly will not allow, or well-thought-out in the context of a thoroughly elaborated action to return the foreign exchange from the dark safe deposit boxes to foreign exchange accounts and to activate that foreign exchange to the benefit of both the economy and individuals.